

長飛光纖光纜股份有限公司

YANGTZE OPTICAL FIBRE AND CABLE JOINT STOCK LIMITED COMPANY

30 NEW  
FUTURE  
YOFC 30th Anniversary

(a joint stock limited company incorporated in the People's Republic of China with limited liability)  
(STOCK CODE : 06869)

ENVIRONMENTAL, SOCIAL AND  
GOVERNANCE REPORT

2017



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## INTRODUCTION

### SUMMARY

This is the second annual Environmental, Social and Governance (ESG) Report of Yangtze Optical Fibre and Cable Joint Stock Limited Company, covering its work from 1 January 2017 to 31 December 2017. This report provides a comprehensive picture of the performance and management approach of Yangtze Optical Fibre and Cable Joint Stock Limited Company and its subsidiaries (“YOFC”, the “Company” or “We”) in environmental and social matters in 2017, focusing on the concerns of stakeholders, and how YOFC, as a leader of the optical fibre and optical cable industry, achieves economic, environmental and social sustainability. In addition, Yangtze Optical Fibre and Cable Joint Stock Limited Company, its subsidiaries, joint ventures and associates are collectively referred to as “YOFC Group” or “the Group” in this report.

In preparing this report, we made every effort to ensure that the content of this report satisfies the four main principles – Materiality, Quantitative Measurement, Balance and Consistency – required by the Hong Kong Stock Exchange. We will continue to strengthen information collection to enhance our performance and disclosure of sustainability issues.

### SCOPE OF REPORTING

This report mainly focuses on the performance of YOFC in ESG-related matters and covers Yangtze Optical Fibre and Cable Joint Stock Limited Company and its subsidiaries. This report is prepared in accordance with the “Environmental, Social and Governance Reporting Guide” issued by the Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Unless otherwise specified, the performance data presented in this report is for 2017. When available, data from previous financial years is presented for comparison and analysis purposes. Where relevant, the report also sets out the short-term, interim and long-term goals and directions.

### INFORMATION ABOUT THE REPORTING DATA

Unless otherwise specified, the relevant financial data in this report is denominated in RMB.

### CONFIRMATION AND APPROVAL

This report is confirmed by the management and approved by the Board on 27th, July 2018.

### COMMENTS AND FEEDBACK

We welcome stakeholders’ comments on the ESG management policies and performance of YOFC and encourage you to contact us via the following methods:

By email: [IA@YOFC.com](mailto:IA@YOFC.com)

By post:

Internal Audit and Risk Management Department  
Yangtze Optical Fibre and Cable Joint Stock Limited Company  
No. 9 Guanggu Avenue,  
East Lake High-tech Development Zone,  
Wuhan, Hubei Province

## MESSAGE FROM MANAGEMENT

With the further implementation of “Broadband China” strategy, the issuance of national policies in relation to facilitating the development of big data, cloud computing and internet of things, and the competition for the preparation of 5G from various countries, the optical fibre and cable market remained strong with increasing demand for new products. In 2017, the demand of optical fibre and cable from the three major telecom operators in China reached 238 million Fibre Kilometer (FKL), and the major overseas markets experienced comprehensive growth with total global demand of approximately 500 million FKM. With such a favorable market, the Company persisted in innovation and development, and all staff of YOFC worked diligently at their respective positions, driving the continuous growth of operating results. During the year, the Company recorded revenue of over RMB10 billion, and the net profit also hit a record high.

In 2017, we continued the in-depth development in our principal business of optical fibre preform, optical fibre and optical cable. Under the favorable market condition, the Company further optimized its production capacity. For overseas markets, the newly-established PT. Yangtze Optics Indonesia was growing in an orderly manner, and we also established sales companies in Thailand and Philippines. Meanwhile, we actively diversified our business and continued to expand into the “Full Value Chain” sector.

In 2017, to implement the strategy of “Quality Power”, the Company strengthened quality management and emphasized both scale and efficiency. We continued to provide high quality products and were widely recognized among customers. We were the only one in the industry that won the “China Quality Award” and won the ICQCC International Quality Management Group Gold Award successively. In addition, we continued to maintain mutually beneficial partnership with our suppliers to ensure quality raw material from suppliers and quality products to customers. We also continued to support the suppliers in various ways with a view to achieving the goal of mutual growth and development.

In 2017, we further promoted smart manufacturing. As a demonstration company selected in the first batch of smart manufacturing by Ministry of Industry and Information Technology of Made in China 2025, the Company established a leading group of smart manufacturing and made a series of explorations and efforts in our headquarter in Wuhan and in Qianjiang YOFC S&T Park, and has yielded fruitful results in research and development. The Company was selected in the first batch of demonstrative manufacturing enterprises for single product items by the Ministry of Industry and Information Technology, won the Class Two Award of National Science and Technology Progress again after twelve years, and was granted various national technology awards such as the Class One Award of Science and Technology of China Institute of Electronics, all of which endorsed the leading position of YOFC in technology research and development.

In 2017, we continued to assume corporate social responsibility, adhered to the idea of sustainable development, and considered environmental protection and green production as the most important aspects in corporate governance. We strictly complied with the requirements of laws and regulations related to environmental protection, ensured to meet the pollutant emission standards, enhanced the natural resource utilization and improved emergency planning for environmental accidents, thereby minimizing the negative impact on the environment from production activities. We also furthered our efforts in environmental protection to achieve social and environmental benefits, and incorporated the model of energy consumption reduction and green production into the whole production process of the Company. For example, during the year, by adopting the development model of “Circular Economy”, we practiced the “Green Manufacturing” operation that is efficient, environmentally friendly, and low-cost, which contributes to the sustainable development of the society.



## MESSAGE FROM MANAGEMENT

In 2017, we continued to practice the idea that human resources is the most important asset, attached great importance to talent development and actively considered the feedbacks from our employees. We offered room for growth, development and improvement for employees through well-established performance management and promotion systems. At the same time, we introduced different measures to safeguard the occupational health and safety of employees and enriched their leisure time through a wide range of cultural and recreational activities, including the Chinese New Year's Evening Gala and Sports Day, all of which aim to create a diversified, inclusive, healthy and pleasant working environment for our employees.

In 2017, during our rapid development, we also actively contributed to the society through education support, disaster relief, public welfare and community caring activities in order to assume greater social responsibility. During the year, we formulated the YOFC Public Welfare Plan, which enabled us to make long-term plan for public welfare in a systematic and targeted manner, and build a better life with our stakeholders through more professional and transparent operation.

Looking ahead, with the global informationalization, many countries are promoting the construction of broadband network and 5G mobile networks, and the demand for optical fibre and cable is expected to remain prosperous. Standing at a new starting line in 2018, its 30<sup>th</sup> anniversary, the Company will fulfill our mission of "Smart Link Better Life" and our core values of "Client Focus Accountability Innovation Stakeholder Benefits", provide outstanding products and solutions in information transmission and smart links for global customers, and create a future of Internet of Everything with every stakeholder.

**Yangtze Optical Fibre and Cable Joint Stock Limited Company**

**Zhuang Dan**

*President*

## 1. ABOUT YOFC

Yangtze Optical Fibre and Cable Joint Stock Limited Company was founded in May 1988 with the joint investment from China Huaxin Post and Telecom Technologies Co., Ltd., Draka Comteq B.V. Co., Ltd of Netherlands and Wuhan Yangtze Communication Industry Group Co., Ltd., and is a research and development and production base of optical fibres and optical cables products and manufacturing equipment with most comprehensive product types, most advanced production technologies and largest production scale in China. On 10 December 2014, YOFC was successfully listed on the Stock Exchange as the first Chinese company listed in Hong Kong specialized in optical fibre preforms, optical fibres, optical cables and related products.

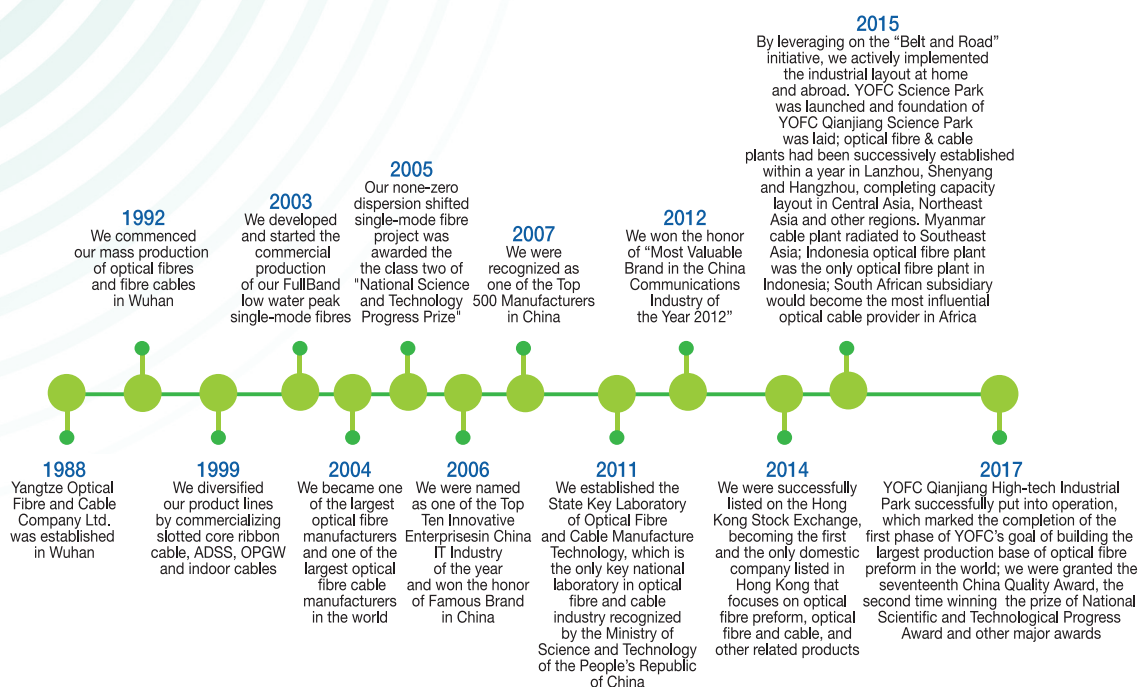
Since the official commencement of production in 1992, YOFC has been taking the top spot in production and sales volume of optical fibre and cable products in China for 25 consecutive years. The optical fibre and cable products and various network construction solutions offered by YOFC can meet different demands from users in relevant industries, and have been adopted by telecommunication operators, such as China Telecom, China Mobile and China Unicom, and widely used in electricity, television broadcast, transportation, education, national defense, aerospace, chemical, petroleum, medical and other industries, with sales to over 60 countries and regions, such as Japan, Korea, Taiwan, Southeast Asia, Middle East and Africa.

In recent years, YOFC has actively deployed strategic layout in five major aspects, namely organic growth of optical fibre preform, optical fibre and optical cable business, technology innovation and intelligent manufacturing, internationalization expansion, diversified development and synergy of capital operation. With such strategies, YOFC has built the longest industrial chain in the global industry of optical fibre and optical cable, and became one of the few companies in the world that master all three main processes for production of optical fibre preform, namely PVCD, OVD and VAD. Leveraging on the “Belt and Road” initiative, YOFC has established 20 subsidiaries, 12 joint ventures, 10 associates and 4 investee companies as of December 31st 2017. The Group’s principal business of optical fibre preform, optical fibre and optical cable has achieved satisfactory results and is highly recognized by the capital market.

Looking forward, by adhering to the mission of “Smart Link Better Life” and the core corporate value of “Client Focus Accountability Innovation Stakeholder Benefits”, YOFC strives to become the leader in the fields of information transmission and smart connection.

# 1. ABOUT YOFC

## 1.1 YOFC MILESTONES



## 1.2 OVERSEAS DEVELOPMENT ALONG BELT AND ROAD

Since President Xi Jinping proposed the "Belt and Road" Initiative, China has been making continuous efforts in strengthening the connection among Asia, Europe and Africa as well as the surrounding ocean regions by establishing and strengthening partnerships across different countries along the Silk Road and establishing a comprehensive, multi-layer and compounded communication channel, in order to achieve diversified, autonomous, balanced and sustainable development, which has presented unprecedented opportunities and challenges to the telecommunication industry. To actively respond to the "Belt and Road" initiative and facilitate the three major telecommunication operators in building the Silk Road of Information, YOFC adopted international expansion as one of its five major strategic initiatives as early as in 2014. We strive to enhance the brand recognition of YOFC globally by actively establishing overseas platform, developing diversified overseas sales, and strengthening overseas strategic cooperation.

### Corporate Globalization, Diversification Strategies and Achievements

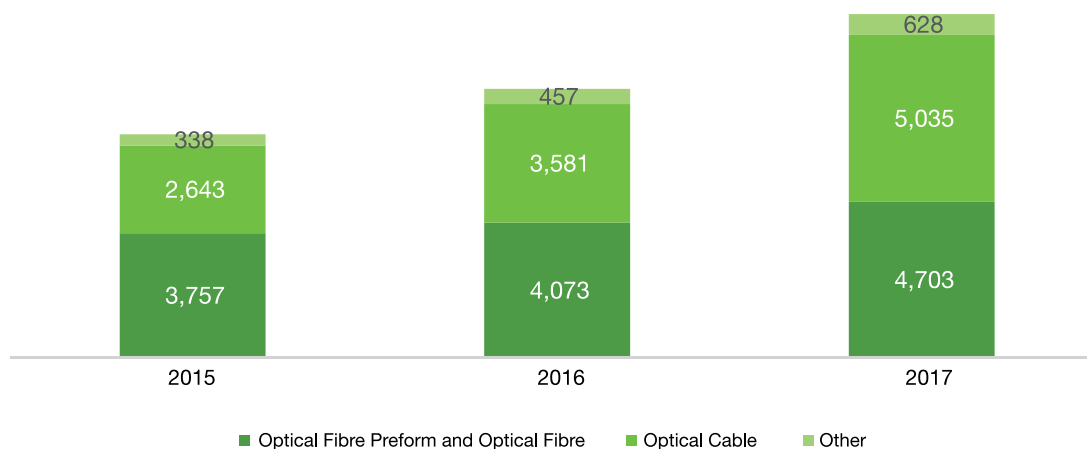
At the end of 2016, YOFC ranked the first in the world in terms of market share of its three major products, namely optical fibre preform, optical fibre and optical cable. After the establishment of its first joint venture for optical fibre manufacturing in Indonesia in 2015, YOFC established PT. Yangtze Optics Indonesia, its second joint venture in Indonesia, in May 2017. This was the fourth overseas investment since the implementation of internationalization strategy at the end of 2014, which marked another milestone of YOFC's overseas expansion and evidenced that YOFC has accelerated its internationalization. As of the end of the reporting period, YOFC had established 26 overseas sales offices and sales branches to sell its products to over 60 countries and regions.

## Review of YOFC's Overseas Expansion

2014	2015	2016	2017
<ul style="list-style-type: none"> <li>Commencing the implementation of internationalization strategy</li> </ul>	<ul style="list-style-type: none"> <li>In January, YOFC signed an agreement with PT Monas Permata Persada of Indonesia to establish a joint venture for manufacturing of optical fibre</li> <li>In March, YOFC cooperated with Yadanabon Optical Fibre Company Limited of Myanmar to establish a joint venture in Maymyo, Mandalay Division, Myanmar</li> <li>In December, YOFC established Yangtze Optics Africa Holdings Proprietary Limited, a non-wholly owned subsidiary in South Africa</li> </ul>	<ul style="list-style-type: none"> <li>On 17 August, the Independence Day of Indonesia, our optical fibre factory in Indonesia manufactured the first optical fibre in Indonesia and South East Asia</li> <li>After one year of operation, our factory in Myanmar started to be profiting.</li> <li>At the end of October, our factory in South Africa manufactured the first optical fibre, which marked the official commencement of operation</li> </ul>	<ul style="list-style-type: none"> <li>In May, YOFC established PT. Yangtze Optics Indonesia, the second joint venture in Indonesia, and the optical fibre project commenced construction in June, and has commenced operation since February 2018</li> </ul>

## 1.3 ECONOMIC PERFORMANCE

Revenue  
(RMB million)



## 1. ABOUT YOFC

### 1.4 PUBLIC RECOGNITION

For nearly 30 years since its establishment, in addition to achieving corporate development and creating profit, YOFC has been assuming responsibilities for its employees, consumers, the environment, the society and other stakeholders.

In November 2017, YOFC was recognized as one of the standard pilot enterprises under the Social Responsibility Management System of Information and Communication Industry Enterprises in China in the 2017 Social Responsibility Conference of Information and Communication Industry organized by the China Association of Communications Enterprises under the guidance of the Ministry of Industry and Information Technology.

In December 2017, YOFC won the “Award for Corporate Excellence” in the 2017 CBN Corporate Social Responsibility Ranking in China organized by China Business Network, which was a highly regarded recognition for YOFC’s long-term and continuous practices in fulfilling its corporate social responsibility.



In addition to assuming its social responsibility, YOFC considers quality as the foundation of the Company. With 30 years of development, YOFC has accumulated solid foundation to form the quality culture of “Striving for Excellent Quality”, and continuously plays a leading role in driving the industry to build a better operating environment that “values quality and keeps promises”.

## 1. ABOUT YOFC

In 2017, YOFC won the “China Quality Award” in the Global Excellence Conference & 17th China Quest for Excellence Conference, making it the first winner of this award in optical fibre and cable industry in China as well as the only optical communication company winning this award in the year. Such award evidenced YOFC’s comprehensive capability, management level, development quality and brand influence, representing the highest recognition for YOFC’s efforts in implementing the “Excellent Performance Management”.



Since YOFC applied for the “China Quality Award” in 2015, it took three years of efforts for YOFC to incorporate the concept and method of “Excellent Performance Management” into its business operation step by step. From nomination and finalist to official award, the process witnessed YOFC’s pursuit of excellence. Looking forward, guided by the core value of “Client Focus, Accountability, Innovation, Stakeholder Benefits” and the concept of “Striving for Excellent Quality”, YOFC will promote its brand with quality products, facilitate its development with innovation, adhere to the focus of quality and strive to build the international competitiveness and influence of “Made in China with Quality” and “China Quality” in the optical fibre and optical cable industry worldwide.



## 1. ABOUT YOFC

“Despite the hardship of washing and sifting, once the wild sand blows away, real gold will be revealed.” In recent years, YOFC received various quality awards domestically and abroad:



European International  
Quality Platinum Award



International Quality  
Management Gold Award



Gold Award of International  
Quality Control Panel  
by ICQCC



United States Quality and  
Management Award  
(Peak of Success)



International Star for  
Leadership in Quality  
by B.I.D



Quality Improvement Award  
by European Society  
for Quality Research

In nearly 30 years of development, under its guidance of brand development vision, YOFC has maintained stable and healthy development trend, secured its leading position as a global brand of optical fibre and optical cable, and received various awards in smart manufacturing and technology advancement, including the following:



Exemplary of Experimental  
Unit for Intelligent Manufacturing



National Exemplary Enterprises  
in Technological Innovation



Nationally Recognized  
Enterprise Technology Center



National Science and Technology  
Progress Award – Second Class Award



Hubei Provincial Technology  
Progress Award – First Class Award



First Class Award of Science and  
Technology by the Chinese Institute  
of Electronics

## 2. RESPONSIBILITY • CORE VALUE

### 2.1 CORPORATE CULTURE

#### Values of YOFC

##### Client Focus   Accountability   Innovation   Stakeholder Benefits

Clients are the growth driver of YOFC, accountability is the code of conduct of YOFC, innovation is the source of development of YOFC, and stakeholder benefit is the ultimate goal of YOFC.

- Client Focus

Clients are the growth driver of YOFC. We conduct our professional business with professional mind, professional quality and professional methods in a customer-oriented manner, and maximize the commercial and social value of YOFC by creating value for clients and the society.

- Accountability

Accountability is the code of conduct of YOFC. Strong sense of responsibility and mission is the core quality required for continuous and healthy development of YOFC. Accountability is crucial to achieving business success and delivering outstanding performance.

- Innovation

Innovation is the source of development of YOFC and the core power for YOFC to win competitions and achieve breakthrough. We implement innovation driven strategies in a comprehensive manner, strive to build the culture of encouraging innovation and tolerating failure, and advocate the idea of enhancing clients' value through innovation.

- Stakeholder Benefits

Stakeholder benefits is the ultimate goal of YOFC. For stakeholder benefits, we share our resources with stakeholders in a people-oriented manner, thereby creating an ecosystem of mutual development and prosperity, which requires YOFC to collaborate with our stakeholders and achieve mutual benefits.

#### Mission of YOFC

##### Smart Link Better Life

With the emergence of Internet of Things, a new form of internet era, the futuristic smart lifestyle of "Everything at your fingertips" requires solid technology and hardware to provide powerful support to the new generation of internet.

YOFC strives to provide a full range of optical fibre and solutions covering the entire process and the whole network to support the rapid development of optical communication industry and provide special optical fibre and application solutions which are irreplaceable in national defense, power supply network, medical healthcare and smart city, so as to provide convenience to people in their daily life;

YOFC is committed to continuously innovating technology, producing more advanced and reliable products and offering services with higher quality to meet the social demand for information consumption, thus making people's life better.

## 2. RESPONSIBILITY • CORE VALUE

### Vision of YOFC

#### To Be the Leader in Information Transmission and Smart Links

YOFC has been specializing in information transmission and smart connection. In addition to focusing on the principal business of optical fibre and optical cable, YOFC makes continuous efforts in expansion and diversification, provides additional products, services and solutions to the sector of information transmission and smart connection, and drives the extensive application of optical fibre technology.

To achieve the goal of leading the industry development, YOFC shall secure the leading position in China, actively expand to the international market, enhance its impact, and build the brand recognition of YOFC. Specifically, YOFC will make efforts in the following three aspects:

For market aspect, YOFC shall secure the leading position in terms of the market share of its major products and level of customer satisfaction, and increase the market share in other relevant sectors to become an important leader;

For technology aspect, YOFC shall continue to innovate, provide products with better quality and reliability, and ensure the high technology level and leading position of its products;

For brand aspect, YOFC shall continue to increase its efforts in brand building, endeavor to improve the brand recognition and reputation, and secure the leading position.

### Business Philosophy of YOFC

<b>Management Concept</b> Integrity Learning Generosity Incorruption	<b>Supply Chain Concept</b> Efficiency as a priority Forging ahead collaboratively	<b>Marketing Concept</b> Forging ahead with determination Upholding honesty and morality
<b>Human Resource Concept</b> Justice and equity Promotion of the worthy	<b>Production Concept</b> Intelligence Efficiency Green Safety	<b>Safety Concept</b> Keeping safety in mind Reflecting it in action
<b>R&amp;D Concept</b> Collaborative innovation Practicality and efficiency	<b>Quality Concept</b> Continual improvement The pursuit of excellent quality	<b>Finance Concept</b> Professionalism and meticulousness Careful accounting and budgeting

## 2. RESPONSIBILITY • CORE VALUE

### 2.2 CORPORATE GOVERNANCE

#### Company Governance

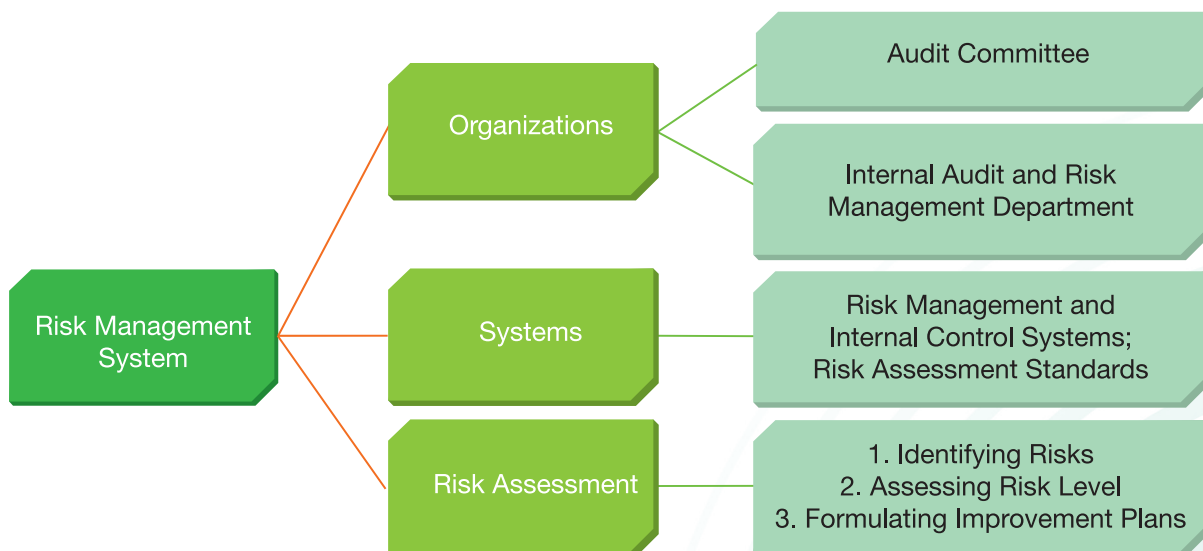
The President is responsible for the organization and management of YOFC under the leadership of the Board. YOFC ensures efficient corporate operation through proper operation and implementation of the ISO9001 quality management system and the TL9001 quality management system for telecommunication industry.

The Company has established an effective incentive and control system for assessing the performance of the members of the governance bodies and senior management. The assessment results are used to improve the effectiveness of individuals, leadership and organization.

#### Comprehensive Risk Management

The Company has established a top-down risk management system from the Board to each business division; it has also formulated various risk control systems, including the “Risk Management and Internal Control Systems” and the “Risk Assessment Standards”, to ensure that risk management tasks are carried out in a comprehensive and effective manner. The Company has set up an Audit Committee at the Board level, composed solely of independent directors who are responsible for providing independent advices on the Company’s risk management, internal control and financial statements. In addition, the Company has established an Internal Audit and Risk Management Department which is specifically responsible for carrying out the daily operations related to the Company’s risk management and internal control. The department is independent from the management but under the direct leadership of the Audit Committee of the Board.

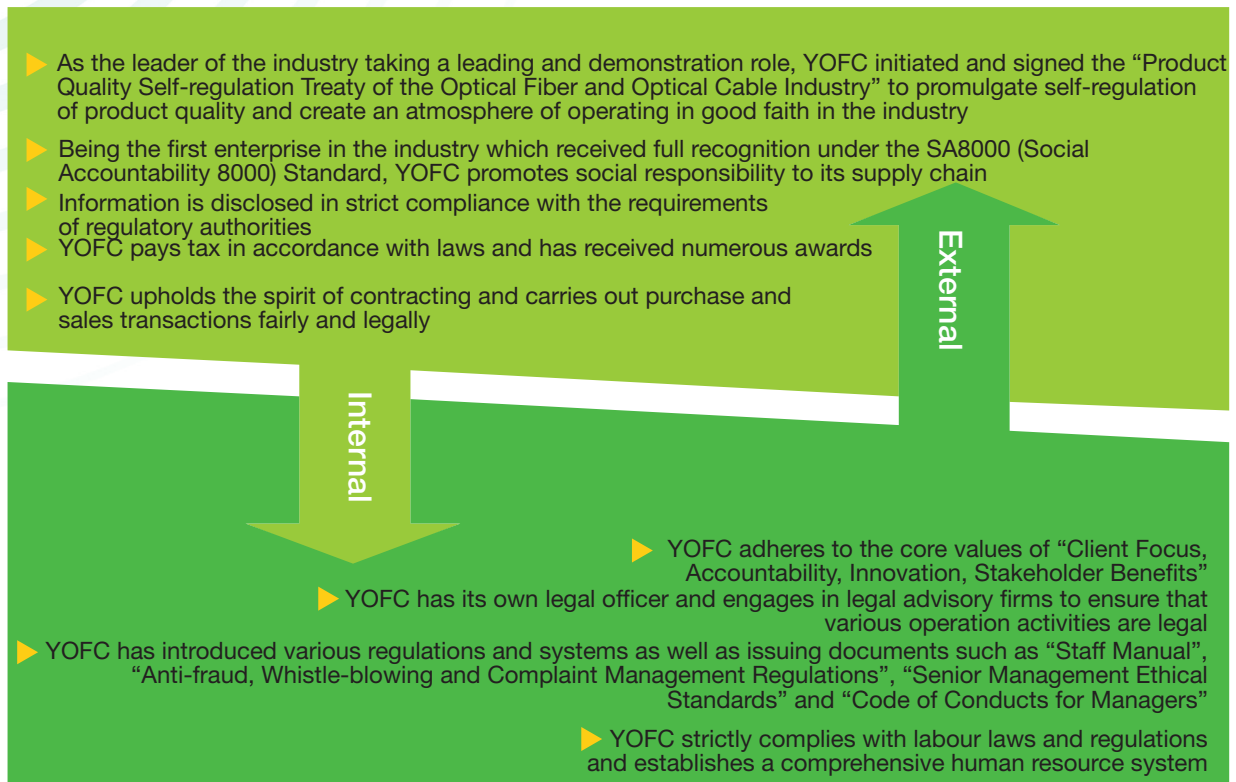
The risk management system of YOFC is shown as follows:



## 2. RESPONSIBILITY • CORE VALUE

### Integrity and Compliance with Laws

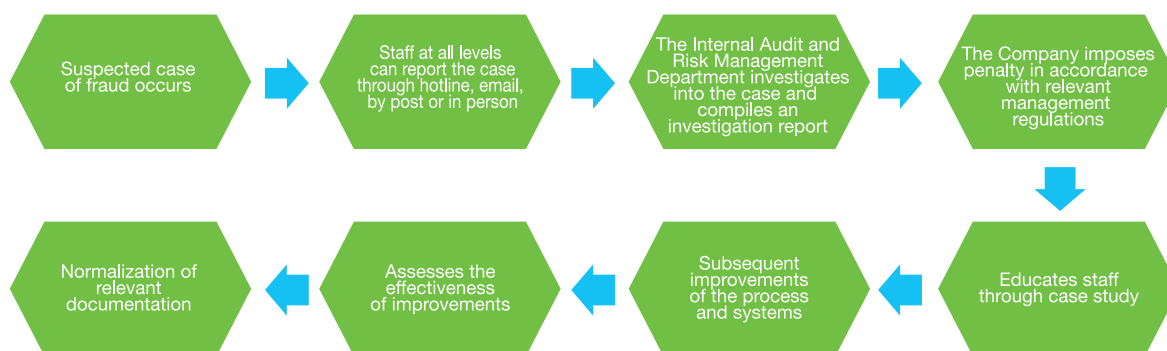
The Company has adopted a series of internal and external measures in its operating activities to build a working environment underpinned by the values of integrity and law-abiding.



To ensure that the organization acts in line with ethical standards, the Company has established an internal control system for business integrity and implemented effective control measures. In addition, we have also established corresponding complaint mechanism to ensure that all violations of ethical standards are identified and handled in a timely manner.

## 2. RESPONSIBILITY • CORE VALUE

The Company's process of handling suspected cases of corruption or fraud is as follows:



In 2017, all staff received education on work ethics. During the year, there was no non-compliance with laws and regulations and the Articles of Association of the Company. No fraudulent issue relating to corruption of the Company or its staff is identified and the results of external audit do not contain qualified opinions.

### 2.3 ESG GOVERNANCE

#### ESG Concept

YOFC holds fast to the philosophy of operating with integrity, developing scientifically and operating with stability, focuses on the mission of “Smart Link Better Life”, and exerts itself to become an enterprise which “meets the expectation of the society”. Combining the existing business status with our corporate positioning, we strive to work with different stakeholders in sustainable development, employee development, smart innovation, product quality and community welfare, strengthen our corporate governance, adhere to environmental protection, provide return to our shareholders with outstanding economic performance, and achieve balanced and comprehensive development among environment, economy and society.

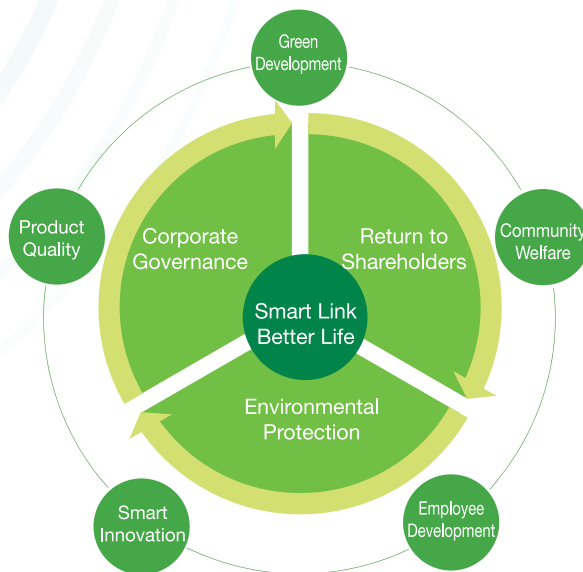
As the largest optical fibre and optical cable manufacturer in China, the management of the Company is fully aware of the long-term strategic significance of establishing a social responsibility management system and obtaining the SA8000 certification to the Company, and has decided to take the initiative to shoulder the corporate social responsibility during development. It is our goal to fully implement the idea of sustainable, scientific development in a people-oriented way.

YOFC attaches utmost importance to the pollution prevention management. After proper treatment, the discharge and emission indices of wastewater and exhaust gas from our production and domestic activities are even stricter than that required by the national standards. The Company has always adhered to the concept of environment-friendly and sustainable production and operation, and took the lead in the industry to obtain the environmental management system certification. This does not only represent that YOFC has met the requirements of international standards in the aspect of environmental management, but also indicates that YOFC will continue to conserve resources and reduce any negative impact on the environment while providing high quality products and services to clients.



## 2. RESPONSIBILITY • CORE VALUE

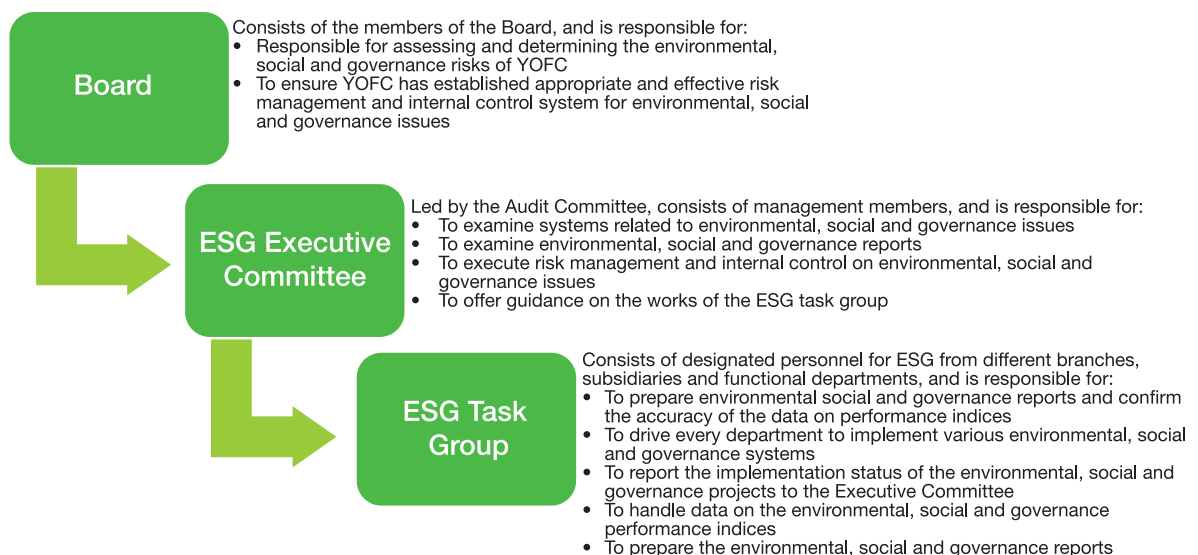
Social Responsibility Model of YOFC



### ESG Governance Structure

To better combat the challenges in ESG, under the supervision of ESG Executive Committee led by the Audit Committee, the Company has set up an ESG task force. Led by the Internal Audit and Risk Management Department, the task force is in charge of the overall planning of environmental, social and governance issues and smooth delegation of respective tasks from the highest governance body to employees of different levels in each department. The task force reports to the Board on the ESG work progress on a regular basis. The Board oversees and evaluates the effectiveness of the system, so as to ensure sound and comprehensive ESG governance.

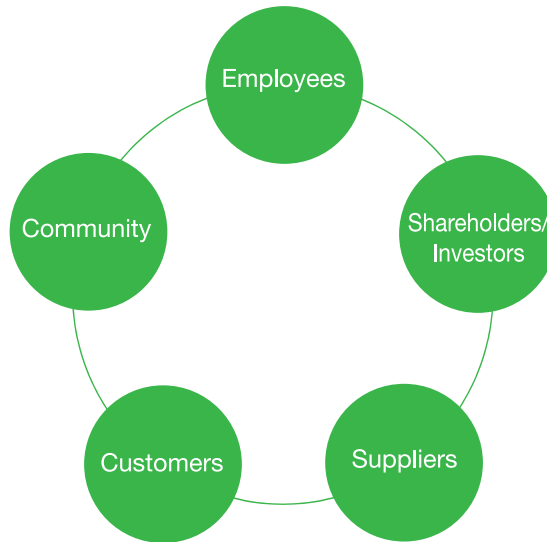
### ESG Governance Structure



## 2. RESPONSIBILITY • CORE VALUE

### Communication with Stakeholders

YOFC highly emphasizes the communication with different stakeholders, actively carries out regular and effective communications with stakeholders and incorporates their feedback into the long-term sustainable development strategies of the Company. We have identified five major stakeholders, which are the shareholders/investors, suppliers, employees, society and customers. We strengthen the direction and focus for the company based on the needs of the five major stakeholders.



We actively communicate with different stakeholders in order to understand their concerns. We also review the effectiveness of the relevant actions regularly so as to improve the communication channels and reflect the stakeholders' opinions in a more comprehensive way. The table below sets out the issues that different groups of stakeholders are concerned about during the Reporting Period.

Stakeholder Groups	Issues Concerned	Engagement and Feedback Measures	Frequency
Employees	Promotion and Development	– Staff Performance Appraisal Interview	Interviews from time to time
	Salary and Benefits	– Internal Journal (newspapers, magazines)	Internal Publication "YOFC Today"
Shareholders/Investors	Education and Training		
	ESG Governance Business Development	– Annual General Meeting/ Extraordinary General Meeting – Investor Meeting	General Meeting held annually

## 2. RESPONSIBILITY • CORE VALUE

Stakeholder Groups	Issues Concerned	Engagement and Feedback Measures	Frequency
Suppliers	Energy Saving and Consumption Reduction	<ul style="list-style-type: none"> <li>– Results Presentation</li> <li>– Press Release/ Announcement</li> <li>– Site investigation</li> </ul>	Extraordinary General Meeting held under special circumstances Investor Meetings and Site Investigations from time to time
	Supplier Management Energy Saving and Consumption Reduction Business Development	<ul style="list-style-type: none"> <li>– Site Investigation</li> <li>– Interviews</li> </ul>	Supplier meeting held annually
Customers	Business Development Energy Saving and Consumption Reduction Quality Control	<ul style="list-style-type: none"> <li>– Site Investigation</li> <li>– Interviews</li> </ul>	Irregular
Community	ESG Governance Charity Energy Saving and Consumption Reduction	<ul style="list-style-type: none"> <li>– News Release/ Announcement</li> <li>– Meeting</li> </ul>	Irregular

### Analysis of Materiality

YOFC has conducted questionnaire survey of materiality in 2016. In 2017, YOFC experienced stable development without significant changes to its business. We conducted in-depth communication with our stakeholders to understand the opinions and expectations of different stakeholders in the response of YOFC to environmental, social and governance issues. We reviewed the matrix of materiality based on the feedback from our stakeholders, which provided a solid basis for the Company to formulate the long-term strategies.

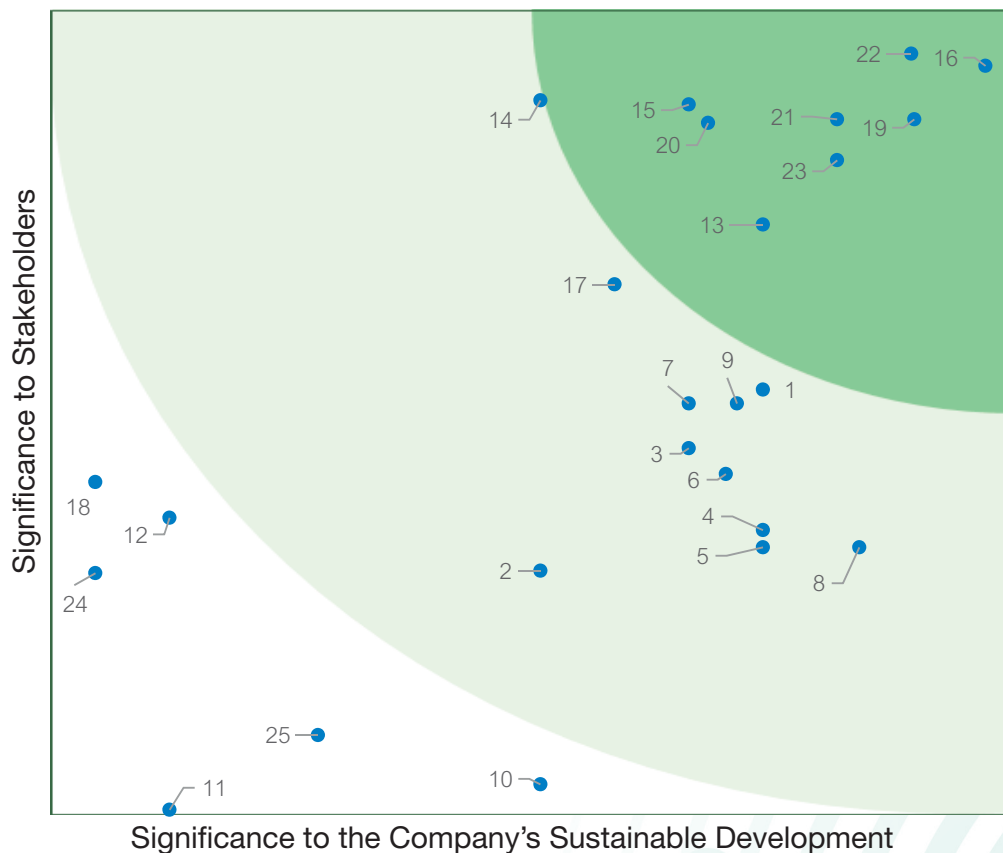
## 2. RESPONSIBILITY • CORE VALUE

### Procedures of Assessment on Material Issues

1. Identify potential material issues  
After going through, among others, the internal journal, media analysis, industry benchmarking analysis and other relevant documents, we identify the potential material issues which reflect the economic, environmental and social impact of YOFC's business or affect the stakeholders' assessment and decision on YOFC.
2. Prioritize potential material issues  
We formulate a stakeholder engagement plan and conduct comprehensive and in-depth interview to understand the prioritized issues that the stakeholders are concerned about and review the matrix of materiality.
3. Review  
We assess whether the report content reasonably describes the impact and ESG performance of YOFC and whether the procedure of preparing the report content reflects the intended purposes of the report. We invite stakeholders to express their opinions in this aspect.

Through the assessment procedures, we identify material ESG issues related to YOFC which form the essential parts of this report. We will disclose the relevant content in this report in details.

### Matrix of Materiality of YOFC



## 2. RESPONSIBILITY • CORE VALUE

No.	Content of Issues	No.	Content of Issues
1	Treatment of Exhaust Gas and Reduction in Emission	14	Safe and Comfortable Work Environment
2	Emission of Greenhouse Gases	15	Employee's Development and Training
3	Total Amount of Hazardous Solid Wastes	16	Compliance with Labour Laws
4	Use of Materials	17	Selection of Suppliers Based on Environmental and Social Factors
5	Reduction in Water and Electricity Consumption	18	Assessment on Suppliers' Environmental and Social Performance
6	Management of Hazardous and Non-hazardous Wastes and Reduction in Discharge	19	Customer Service and Channels of Communication
7	Treatment of Domestic Wastewater and Reduction in Discharge	20	Respect for Intellectual Property Rights
8	Energy	21	Quality Assurance
9	Usage Plan of Water Resources	22	Protection of Customers' Information and Privacy
10	Use of Packaging Materials	23	Anti-corruption
11	Impact of Climate Change on Business	24	Community Contributions
12	Diversified Backgrounds of Employees and Equal Opportunities	25	Charity Work
13	Retaining Employees and Reducing Turnover Rate of Employees		

### 3. QUALITY • GENUINENESS

Founded in 1988, YOFC is turning 30. Since its founding, YOFC has been adhering to the philosophy of “customer first, quality first, people-oriented and innovative-development” and formed a quality culture of “Continual improvement, The pursuit of excellent quality”. Such culture comes from the management’s great attention and the active participation of every employee. After nearly 30 years of continuous practice and development, YOFC has carried out quality management in ten aspects including the construction of quality culture, promotion of excellent performance models, operation and maintenance of the comprehensive management system, and participation in the formulation of international standards. At the same time, YOFC has always executed quality control well above industry standards, taken practical actions to lead the development of industry quality, and has been widely recognized for its product quality. It has won a number of quality awards in China and abroad, and won the “China Quality Award” in 2017. Our brand influence with high quality as our core continues to increase, creating an international brand.

#### 3.1 QUALITY ASSURANCE

While introducing modern production technologies, we have also introduced modern management methods and systems, especially the advanced quality management procedures in the industry, so that every production process is under strict and scientific quality control. In order to provide users with high-quality products and services, YOFC applies process control methods to strictly control key processes during production and does not allow unqualified products to enter the next process. At the same time, we implement 100% inspection on the main parameters of fibre optic cable products. All test data are automatically collected to the database for easy query and traceability.

##### **Group-oriented Quality Management System**

In 2017, we further upgraded our quality management system to the group level in order to further implement the group-oriented strategy of YOFC. To this end, the quality department has formulated and improved the policies and management approaches such as the “Quality Management Procedures of YOFC Group” to regulate the quality management of YOFC for its subsidiaries, so that the management systems and quality management of the subsidiaries meet the requirements of YOFC. Meanwhile, YOFC encourages each company of the Group to establish other management systems, such as environmental and occupational health and safety management systems, and obtain certifications based on realistic conditions.



### 3. QUALITY • GENUINENESS

#### Six Elements of Quality Management System

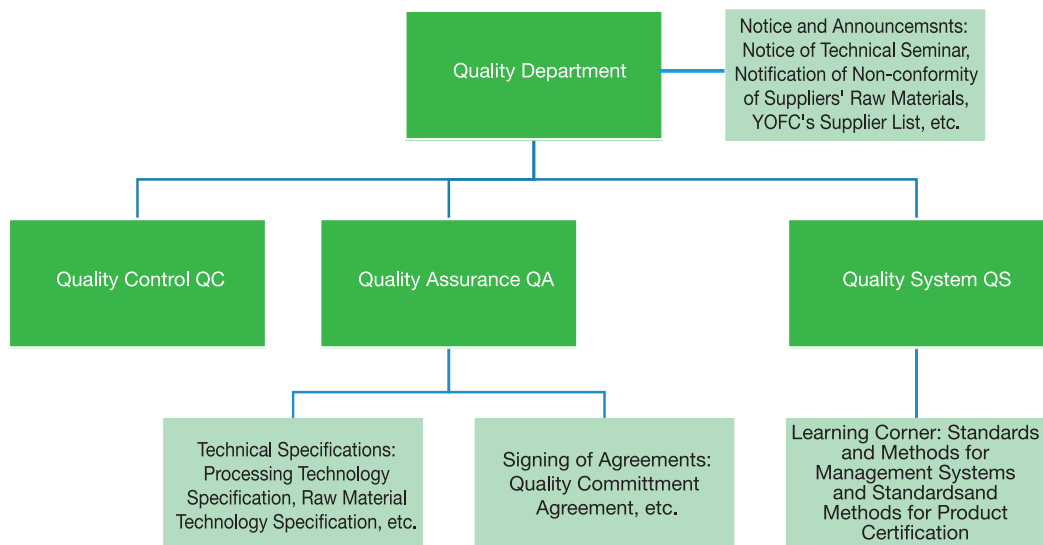
YOFC requires that its business-related subsidiaries should establish their product quality management from the following aspects: people (personnel management), machines (equipment), materials (material management), procedures (quality standards and process specification), environment (environmental status) and testing (real-time monitoring and analysis). YOFC also requires them to improve the quality assurance ability of the products.



### 3. QUALITY • GENUINENESS

In order to strengthen the quality management of the Group, and standardize and promote the information exchange and resource sharing of YOFC and other companies of the Group, YOFC has established a private cloud platform for group documents and issued the “Rules for the Administration on YOFC Group Document Private Cloud Platform”. On the cloud platform, the Group’s information sharing module contains four sub-modules, technical specifications, notices and announcements, signing of agreements and learning corner, which are managed by the three quality groups under the quality department.

**The Main Modules of the Group’s Private Cloud Platform and Responsible Departments**



#### Communication with Customers

We pay great attention to the communication with customers. We insist on tracking products and services during the sales and after-sales phases through channels such as customer visits, technology exchange, production delivery, after-sales service, customer re-visits, and post-evaluation re-visits to identify problems and deficiencies and make improvements in a timely manner. In response to customer complaints, we have a comprehensive “After-sales Service Process”. By standardizing the responsibilities and work contents of the after-sales service personnel and after-sales team leader, as well as the response, reporting, training and performance appraisal systemS of the after-sales department, we are able to achieve the purpose of optimizing the work control of the after-sales service to ensure timely and efficient resolution of relevant complaints, ensure customer satisfaction, and improve products and services with focuses. Every year, we adopt the methods of self-investigation and third-party evaluation in accordance with YOFC’s “Customer Satisfaction Evaluation Procedure” to investigate key factors affecting customer satisfaction based on different business categories, customer categories, regions and other dimensions.

### 3. QUALITY • GENUINENESS

According to the annual “Customer Satisfaction Report”, the quality department circulates relevant information with the marketing team, strategy centre, operation and management centre, and manufacturing centre. Each department formulates and implements improvement plans accordingly. The quality department is responsible for inspection and assessment, forming closed-loop management.

For the 2017 customer satisfaction survey, we added online and mobile phone questionnaires besides the electronic and paper versions to increase the questionnaire response. We also conducted surveys for agents and overseas customers in addition to original operators and direct users. The average satisfaction score for 2017 was 92.59 points (Note: 100-point scale).

#### Customer Privacy

We have developed the “Sales Centre Customer Data and Privacy Policy” to ensure that our customers’ information is fully protected. In the process of sales management, we strictly implement the hierarchical management system. For example, the sales representative responsible for a provincial operator can only access the relevant customer information at the provincial level, while the national market information is managed by the department manager. If cross-level access is needed for customer information, corresponding approval is required.

We require internal communication to follow the confidentiality policy with dedicated personnel managing customer information and carrying out the usage, storage and disposal of customer files and other items. All customer information must be encrypted when sent by email. Customer data and privacy must be technically protected through internal system permission settings and encryption software. Meanwhile, we continue to strengthen the management of our internal staff, improve the awareness of confidentiality, and require new employees to sign a confidentiality agreement. As part of the Company’s resource, customer information and data may not be sold, shared, or disclosed by anyone for any purpose. Each employee must protect customer information and data in accordance with the Company’s requirements.

### 3. QUALITY • GENUINENESS

#### Case Study: Quality Goes Hand in Hand with Speed for YOFC Africa

With the corner stone laid in May 2016 and the completion and commencement in December 2016, YOFC has built South Africa's largest optic cable factory in Durban, which is known as the "best managed city in Africa". Yangtze Optics Africa Cable Proprietary Limited (Hereinafter "YOFC Africa") has set a new record for the construction of an optic cable factory in South Africa with "YOFC speed".

The "YOFC speed" did not, however, compromise the important element "quality" in YOFC's core values as "quality" has become the synonym of YOFC Africa. YOFC Africa has created a new record in South Africa: passing the certification from the operator Telkom and ISO9001 quality management system certification at once. As the largest operator in South Africa, Telkom has requirements for its partners that are nearly "harsh". In general, operators' certification only involves products. But Telkom requires not only product testing, but certification of the product processing and quality management systems. YOFC Africa spent more than four months in completing the construction of such systems and finally passed the certification, which can be considered as "rare" in South Africa. This proves the strength of YOFC Africa, especially the management ability of product quality, to the market.



### 3. QUALITY • GENUINENESS

YOFC Africa has introduced a full set of technology, equipment and testing equipment from the headquarters of YOFC. At the same time, YOFC Africa has introduced a systematic approach from the Chinese market and combined it with the characteristics and needs of the South African market to develop its own quality management system. In order to fully guarantee the quality of products, YOFC Africa not only sets up the entrance inspection for raw materials, but also controls and tests the key indicators of the optical cables in each stage of production process, and even strictly controls the packaging and transportation to ensure the reliability of the final products.



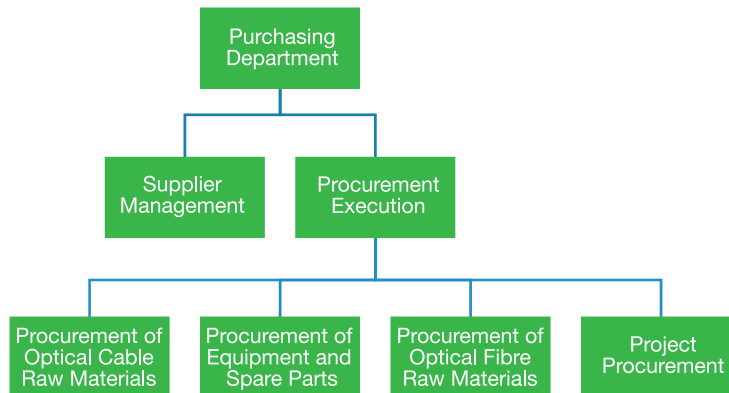
#### 3.2 SUPPLY MANAGEMENT

The development of the full industry chain has been in the brand concept of YOFC. We have always believed that the development of the Company is closely related to suppliers. The quality of products and services of the Company is also deeply connected with suppliers. Therefore, we have developed stringent screening, evaluation and management of suppliers.

##### Organizational Optimization of Purchasing Department

To further adapt to the rapid development of YOFC's business, we have sorted out and redefined the business functions of the purchasing department in 2017 dividing the two functions of procurement execution and supplier management, which are subdivided into four categories of procurement functions to achieve effective management of suppliers.

Organizational Chart of Purchasing Department



The restructured purchasing department has standardized the policy of original contractor selection process and supplier management methods. In the process of revising and optimizing the relevant policies, the purchasing department cooperated and discussed with related departments, reviewed the original supplier management process, summarized the existing suppliers adopted across departments, and counted the numbers of suppliers in different categories. Based on the analysis result, the department reevaluated the suppliers' performance and updated the supplier list according to the rating.

#### Supplier's Social Responsibility Management

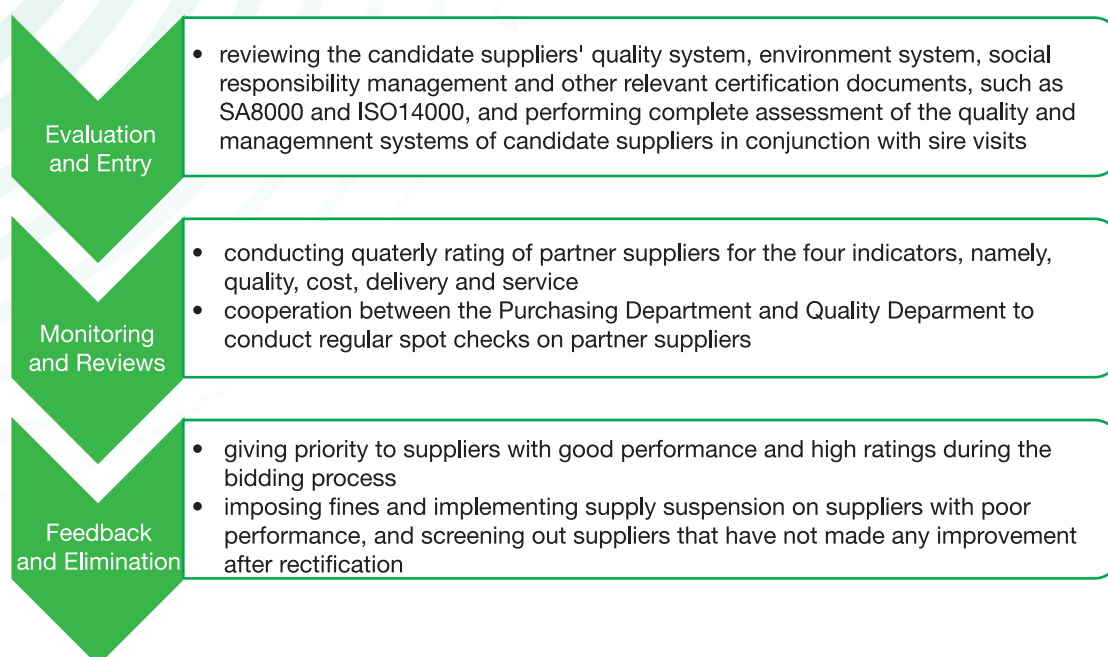
Regarding the supplier entry criteria, YOFC has continued the following three main aspects:

1. All suppliers must meet the requirements in environmental and social aspects from national laws and regulations. Candidates who do not meet the basic requirements will not be selected.
2. YOFC shall sign the "Supplier Social Responsibility Commitment" with suppliers to clarify that the suppliers' obligations and responsibilities in social responsibilities must be in accordance with the requirements of national laws and regulations to ensure fair and honest cooperation.
3. For raw material suppliers involved in hazardous chemicals, it is necessary to obtain a "safe production license" (or relevant environmental permit) issued by government authorities, otherwise such suppliers will be considered as unqualified.



### 3. QUALITY • GENUINENESS

#### Supplier Screening Process



In 2017, as the country brought the conservation of ecosystem to a new height, we increased the attention paid to supplier's investment in environmental protection and compliance during the supplier review, lowered the contract share for suppliers with environmental risks and actively worked with suppliers with better environmental performance.

The distribution of suppliers of the Company in 2017 was as follows:

Region	Number of suppliers
China	2,079
Japan	11
Asia and Pacific (China and Hong Kong, except Japan)	53
Europe	23
North America	9

### 3. QUALITY • GENUINENESS

#### Case Study: YOFC Actively Supports Suppliers in Various Aspects

We are committed to establishing long-term, mutually beneficial and win-win partnerships with our suppliers and business partners, and actively supporting and nurturing suppliers in need. In 2017, YOFC launched the following initiatives:

- Improvement of raw material quality:

YOFC conducts benchmarking for the inspection of raw materials for optical cables. For the unqualified raw materials from testing of the YOFC Testing Laboratory, the procurement department, the organizational laboratory of the quality assurance department and the supplier inspection department communicate on testing methods, unify testing equipment and provide knowledge training, so as to improve supplier's testing accuracy and the quality of incoming materials.

- Assistance in product development:

For the raw materials commonly used in the fibre optic cable industry, YOFC actively guides suppliers to develop related products to adapt to the development of the industry. To meet the increasingly stringent requirements of the operators in the quality of finished products, YOFC has cultivated suppliers in advance to jointly develop materials of higher quality standards.

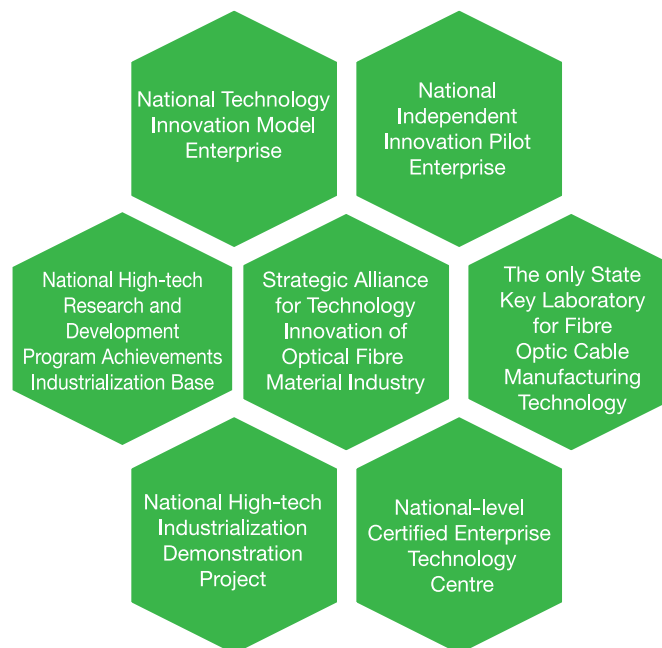
## 4. INTELLIGENCE • INNOVATION

In the course of the thirty years of development, YOFC has been cultivating the main business of preform, fibre and cable, and constantly adhering to independent innovation, completing the spiral of technology “introduction, digestion, absorption and innovation”, achieving the transformation from “follower” to “leader” and driving the overall technological progress and development of the industry. By continuously increasing R&D innovation and developing an industry-leading intelligent manufacturing system, YOFC will actively build a complete smart connection solution, share with the industry the latest technologies and products, and accumulate more advanced knowledge, technology and equipment for the comprehensive development of China’s fibre optic cable industry, and continue to be the leader in the field of information transmission and smart connection.

### 4.1 RESEARCH AND INNOVATION

Thanks to the Company’s emphasis on R&D and the establishment of an innovation platform, YOFC has made outstanding achievements in optical fibres, new optical cable products, new technics development, and development of optical fibre equipment created a number of firsts.

YOFC Research and Innovation Platform



### R&D Management

In order to improve the overall R&D efficiency and innovation capability, reduce R&D costs, integrate internal and external resources, and bring into play the synergy effect of the Group's R&D, YOFC proposed the construction of the Group's R&D system in 2016 and officially launched the system in 2017. Guided by the Group's strategy, YOFC has officially released relevant process specifications such as the "YOFC Group R&D Management Procedures", "R&D and Innovation Strategy" and "Technology Introduction and Output Process", standardizing the Group's R&D activities and convening the Group at the end of the year to discuss topics such as the research and development, technical difficulties and resource coordination encountered by various R&D functions.

Among them, the "YOFC Group R&D Management Procedures" integrates and manages YOFC Group's R&D activities through the Group's R&D mechanism through managing independent, entrusted and co-developed R&D projects, introducing and outputting current technology, and coordinating resources and technical exchange to achieve efficient use of R&D resources and rapid transformation of R&D results. Such R&D synergy provides solid support for YOFC to respond quickly to and meet the market demands, drives the continuous improvement of the Group's overall technical capabilities and continuous innovation of products, and effectively realizes the strategic planning of YOFC.

### R&D Strength

YOFC always attaches great importance to technical standardization and patent accumulation, and actively participates in the preparation and revision of standards of important standards organizations such as the International Telecommunication Union - Telecommunication Standardization Sector (ITU-T), International Electrotechnical Commission (IEC), and China Communications Standards Association (CCSA). At present, YOFC has led and participated in the drafting of 146 standards, including 15 international standards and 80 national and industry standards. At the same time, YOFC actively promotes standardization work and led the preparation and revision of 17 corporate standards.

In 2017, the YOFC R&D Centre's inspection laboratory promoted the exchange of testing technology and improvement of products through engagement with and training for optical cable raw material suppliers and benchmarking with third-party fibre optic cable testing facilities, and as a result published more than a dozen test results papers.

### Patents and Trademarks Held

Since its establishment, YOFC has obtained 349 Chinese patents through introduction, digestion, absorption and innovation, including 160 invention patents, about 270 Chinese patents that are still in effect, and 45 foreign invention patents. In 2017, YOFC obtained 39 authorized patents and 10 foreign authorized patents. Some of the patents obtained in 2017 are as follows:

## 4. INTELLIGENCE • INNOVATION

### Authorized patents obtained in China by YOFC in 2017:

No.	Title of Invention
1	Quartz sleeve for large-size optical fibre preform and manufacturing method thereof
2	Single mode fibre
3	Low-loss single-mode fibre
4	Low-loss bending insensitive single-mode fibre
5	Large core energy fibre with temperature and strain monitoring and manufacturing method thereof
6	Ultra-low attenuation large effective area single mode fibre
7	Anti-bending multimode fibre
8	Device and method for preparing optical fibre preform by VAD method

### Authorized patents obtained outside China by YOFC in 2017:

No.	Title of Invention	Country/region
1	Large effective area fibre	Japan
2	Single mode fibre with large effective area	Japan
3	Anti-bending multimode fibre	Japan
4	Anti-bending multimode fibre	America
5	Optical fibre preforms and manufacturing method thereof	Europe
6	Full dry centre tube air blowing micro cable	Thailand
7	Bubble-free paint conveying device for fibre coater	Africa
8	Anti-bending multimode fibre	Korea
9	Large effective area fibre	Korea
10	Single mode fibre with large effective area	Korea

### Case Study: Active Development of New Fibre Optic Cable Assemblies to Enhance Product Performance

The spiral cable assembly is a new type of cable winding device, which is an ideal device for realizing non-contact transmission fibre signals. It is widely used in large-scale mechanical equipment and various special engineering vehicles that need to perform translational movement, such as bucket wheel stackers and reclaimers, grab ship unloaders, ship loaders, shipbuilding gantry cranes.

In 2017, YOFC successfully developed a spiral fibre optic cable assembly for port machines. The component products use special materials as the sheath material of the spiral cable, and the optical cable is formed by special process, which can ensure the rigidity of the spiral cable to ensure that the cable can smoothly follow the mechanical rotation of the equipment, and has sufficient resilience to ensure the life of the spiral cable. At present, customers have initially verified that the service life of the spiral fibre cable can reach more than 30,000 times.

## 4. INTELLIGENCE • INNOVATION

### 4.2 TECHNOLOGY FIRST

As one of the first batch of intelligent manufacturing demonstration enterprises in the country and the leading enterprise in the fibre optic cable industry, with the mission of “Smart Link Better Life”, YOFC will promote technology research and development surrounding the strategic needs of enterprises and the frontier of industry technology. Echoing the national strategy of “Made in China 2025”, YOFC accelerated the transformation and upgrading of the manufacturing industry while striving to improve its digitalization and intelligence level. It became one of the first batch of pilot demonstration units of intelligent manufacturing in the country and obtained the national intelligent manufacturing special project and “strengthening industrial base capabilities” factory project through the integration of industrialization and informatization management system.

#### YOFC Smart Brain: Fully-upgraded Operational Management

As the “YOFC Smart Brain”, the operation command centre of YOFC Group connects the entire group and upstream and downstream companies, analyses the status of production and operation and predicts changes in trends. It is also used for group command and decision-making, management of and production and operation of various companies and departments, demonstrating the concept and system of YOFC smart manufacturing.

Since the commencement of the project in June 2017, the business development department and the factory facilities department had worked together for nearly four months to overcome the difficulties of short construction period and complicated on-site construction and successfully completed the first phase of the operation command centre. The operation of the “YOFC Smart Brain” promoted the communication and data integration of the Group, improved the security effect of key areas in the whole plant, integrated the data centre computer room to improve the efficiency of data centre operation, and laid the foundation for achieving a high level of visualization at the Group level.



*The first phase of the operation command centre was successfully completed.*

In the next 2 to 3 years, YOFC will realize the access to all the surveillance videos of its subsidiaries, and fully achieve the integration of communication, build a data centre for the whole group, and obtain data of all links of production, sales and equipment in real time, open up life-cycle processes, and utilize big data to enhance the analyse of data values to achieve the Group’s goal of operation process visualization.

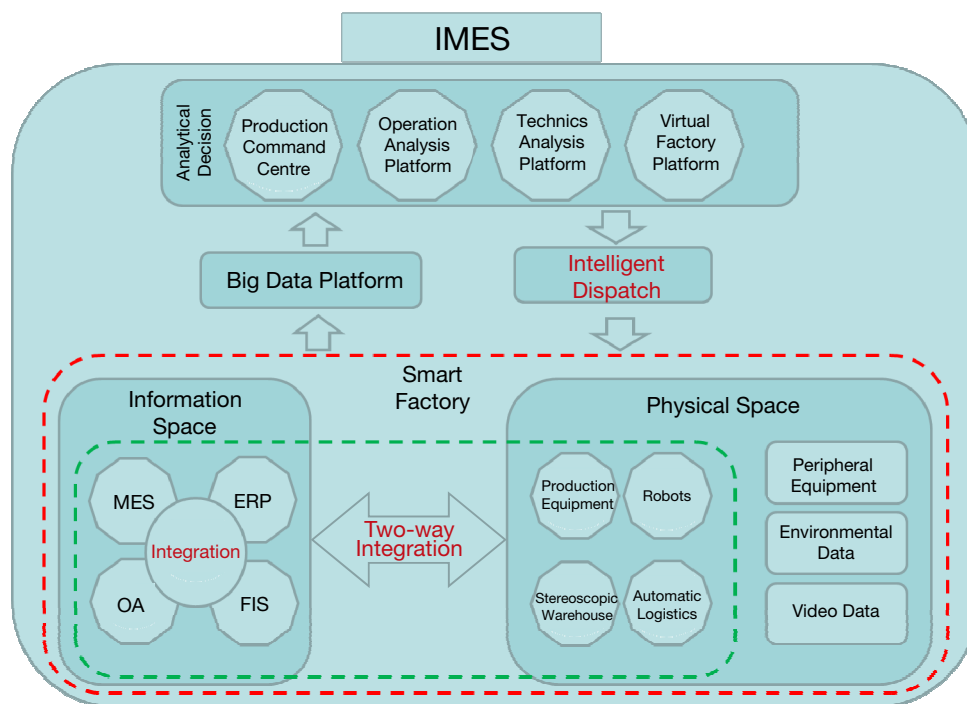
## 4. INTELLIGENCE • INNOVATION

### Intelligent Manufacturing

In July 2015, YOFC was selected as one of the first “Intelligent Manufacturing Pilot Demonstration Enterprises” in the Ministry of Industry and Information Technology for the “Optical Fibre Intelligent Process Manufacturing” project. It is not only the only selected enterprise in the fibre optic cable industry in Hubei Province, but also the only one selected in the country. On 21 March 2017, YOFC Qianjiang Science and Technology Park was officially put into operation one year after laying of the cornerstone and became a “test field” for YOFC to promote intelligent manufacturing. On this basis, YOFC will create an industry standard for the smart manufacturing of preforms and optical fibres.

YOFC Qianjiang, one of the three major projects of the first phase of YOFC Intelligent Manufacturing, will become the industry’s first integrated preform and fibre optic smart plant. Based on intelligent manufacturing execution system (IMES) and enterprise resource planning (ERP), the entire plant will realize the dynamic optimization of the operation process of the whole business area and the full transparency of manufacturing information and management information.

The YOFC Qianjiang IMES system follows the management sequence of people, machines, materials, methods, environment and testing, serving the whole process management of the factory production. Through the integration with systems and equipment, the unified dispatch and command of production, logistics and equipment are realized. The system can help the plant accurately keep updated with the status of planning, scheduling, execution, resources, quality and inventory, and realize the two-way tracking of finished products and raw materials to better support lean production. In the future, YOFC Qianjiang will focus on the iMES system, through the integration of information space and grafting of the Internet of Things, to open up the integration of information space and physical space, and to unify dispatch and command of production, logistics and equipment to realize intelligent production.



Intelligent Manufacturing Execution System of Qianjiang Plant



With the steady development of YOFC business, we increasingly understand that it is important to respect natural resources, reduce the impact on the environment and control environmental risks for the sustainable development of YOFC. Therefore, since YOFC took the lead in the industry to obtain the Environmental Management System ISO14001: 2004 Certification in 2004, we have been insisting on investing resources in all aspects of environmental protection projects, fulfilling YOFC's environmental and social responsibilities and meeting international standards in environmental management. We always adhere to providing high quality products and services to our customers while conserving resources and reducing our impact on the environment.

### 5.1 RESOURCE CONSERVATION

YOFC commits to the concept of energy conservation and consumption reduction. The model of energy conservation and green production is applied throughout the entire production process of the Company. Since 2007, YOFC has fostered cleaner production within the Company and has continuously introduced new technology and new equipment to further save energy and reduce consumption.

#### Energy Saving and Carbon Reduction

While ensuring the Company's scale and steady growth in production, we have been committed to implementing measures to save energy and natural resources.

In 2017, we carried out a number of energy-saving projects:

Major energy-saving measures, energy-saving technological transformation projects	Project description
Intelligent lighting upgrade	Changing 2,000 LED bulbs in screening room, take-over room, stretching room, etc., replacing energy-consuming day-light lamps with LED bulbs, reducing lighting power consumption and saving energy of 500,000 kWh per year.
Air compressor energy saving device	Introducing new energy-saving devices to reduce the power consumption of air compressors with an estimated annual energy saving of 260,000 kWh
Use light control and time control for street lights in all factories and some buildings	Reducing lighting power consumption by installing light control and time control facilities
High purity oxygen transformation in Wuhan South Plant	Eliminating two water-cooled purifiers, reducing one unit, increasing efficiency and reducing consumption
Change the drawing tower from UV curing to LED curing power equipment system	Reducing the power consumption of drawing and coating of each wire to 20% of the original consumption
Adjusting the operation mode of large power equipment	Reducing power consumption by adjusting the operation mode of large power equipment in real time

## 5. GREEN • SINCERITY

Energy consumption of YOFC in 2017 is as follows:



Purchased power: 201,947.6 MWh



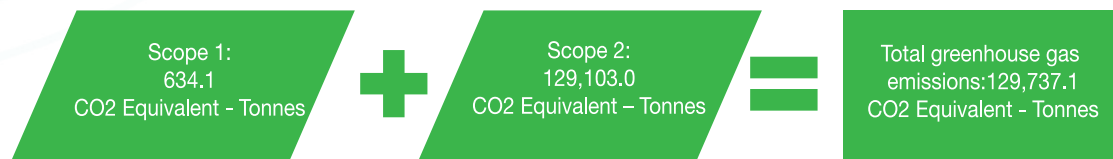
Unleaded petrol: 40,943.5 liters  
Diesel: 62,024.2 liters



Natural gas: 173,609.9 cubic meters  
Purchased steam: 4,915.8 tons

YOFC total energy consumption intensity in 2017 is 20.25 MWh/million revenue

Greenhouse gas emissions of YOFC in 2017 are as follows:



The total greenhouse gas emission intensity of YOFC in 2017 is 12.52 CO2 Equivalent - tonne/million revenue

### Case Study: Partial results of energy saving and consumption reduction in YOFC Qianjiang Smart Factory

- Complete the helium gas recovery construction project of all the drawing production lines in the first phase, which is being commissioned and operated. It is expected to recycle and partially reuse the helium gas in the drawing workshop upon full operation, which is expected to recover approximately 14,000 Nm<sup>3</sup> of helium per year;
- The high-purity oxygen source of rod VAD workshop phase I is adjusted from the previous Dewar supply of high-purity liquid oxygen to other liquid oxygen source which is used after being re-purified, which greatly reduces the production cost. It is estimated that the VAD workshop phase I can save about RMB460,000 throughout the year;
- The preheating of the drawing material of the optical fiber factory fully utilizes the direct heat of the curing furnace to re-use the heat, almost fully realizing the heating of the coating material during the production process, which does not need to increase the separate heating operation cost.

### Water Resource Usage

In terms of water conservation, YOFC has been committed to strengthening fine management of water resources, promoting water conservation and reducing resource consumption. In operation, we design and select products with advanced technology, high efficiency that conserves energy and water resources.

The water consumption of YOFC in 2017 is as follows:



Water consumption: 813,105.0 m<sup>3</sup>

Water consumption intensity: 78.44 m<sup>3</sup>/ million revenue

### Case Study: recycling of cooling water in the production process

In the production process, the heat generated by using water and electricity during the drawing or PCVD process is taken out from the process equipment by the process circulating cooling water. The cooling water with high temperature is driven by the circulating water pump to the roof process closed cooling tower to exchange heat with outside. After the heat exchange is completed, the second heat exchange is performed with the chilled water through the plate heat exchanger. Finally, the process cooling water enters the inlet of the circulating water pump and is sent to the water usage points in the workshop. Except for extreme hot weather condition in the summer, most of the heat brought from the process cooling water can be dissipated from the process closed cooling tower to the outside, greatly reducing the amount of chilled water used.

### Use of Packaging Materials

YOFC continues to promote packaging materials recycling projects and seeks opportunities to reuse valuable materials in all aspects:

- Reuse of cable sheath
- Cable cover recycled by supplier for reuse
- Old product trade-in for new product programs

## 5. GREEN • SINCERITY

In addition, to reduce resources consumption, we use plywood instead of timber to produce some of the coiling reels. This move dramatically reduces the consumption of timber without compromising the quality of products.

Type of packaging material	Density in 2017	
	Usage in 2017 (tonne)	(tonne/million revenue)
Paper	751.4	
Plastic	574.0	
Metal	13.6	
Wood	12,531.6	
Total	<u>13,870.6</u>	<u>1.34</u>

### Reuse of optical fiber coils

In the past three years, we have been reusing fiber optic coils. We will recycle the coils for coiling optical fibers during the delivery and sales of optical fibers from the fiber optic cable factories of the Group and carry out careful cleaning treatment. After passing the inspection, the coils will be reused in the production process.

The number and proportion of reusable optical fiber coils increased year by year from 2015 to 2017:

The quantity and ratio of reuse	2015	2016	2017
Number of reused coils: 25km type (piece)	381,746	267,449	306,092
Number of reused coils: 50km type (piece)	257,812	389,262	438,271
Reuse ratio	68.3%	69.9%	72.6%

## 5.2 EMISSION REDUCTION

Regarding the emissions of wastewater, exhaust gas, solid waste and noises from factories, the Company has prepared the corresponding internal program management documents in accordance with Environmental Protection Law of the People's Republic of China, Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes, Law of the People's Republic of China on Prevention and Control of Environmental Noise Pollution, Law of the People's Republic of China on Prevention and Control of Water Pollution, provincial and municipal Regulations and Regulations and conducts management in strict accordance with ISO14001 Environmental Management System. We strictly implement the corresponding emission regulatory requirements and specifically carry out stringent environmental impact assessment and "Three Simultaneities" for environmental protection for each project of new construction, expansion and reconstruction.

## Waste Management

For the management of solid waste, we have developed a detailed waste management system, and all the hazardous waste generated will be disposed of by qualified agencies, and the non-hazardous waste generated in the production and operation process will be transferred to the material recovery unit for treatment or recycling and reuse.

The solid waste generated in the production process mainly includes industrial solid waste and domestic garbage. Industrial solid waste includes: waste quartz tube, waste preform, waste optical fiber, waste resin produced in the process of pure water preparation, sludge generated by sewage treatment station (mainly composed of calcium fluoride), waste organic solution, waste acid, etc. Waste organic solvents and waste acid are disposed of as hazardous wastes by qualified third-party agencies.

## Waste disposal

Type of waste	Liquid waste	Sludge	Hazardous waste disposal intensity (tonne/million revenue)
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Treatment volume in 2017	37.1 tonnes	450.3 tonnes	0.05
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Type of waste	Domestic garbage	Non-hazardous garbage during production	Non-hazardous waste disposal intensity (tonne/million revenue)
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Treatment volume in 2017	131.4 tonnes	261.7 tonnes	0.04
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## Wastewater Discharge Management

The wastewater we produce is mainly from the washing wastewater and domestic wastewater in the production process. The total discharge concentration of all pollutants in the total discharge of YOFC is strictly in compliance with the “Integrated Wastewater Discharge Standard” (GB8978-1996) Level III and the limit set by the “Wastewater Quality Standards for Discharge to Municipal Sewers” (CJ343-2010).

Our drainage system is designed according to the principle of diverting wastewater from clean water and rain and sewage diversion, and the domestic sewage is treated by the underground domestic sewage treatment device. The production wastewater is treated by the sewage treatment station. The pretreated domestic sewage and production wastewater mix is discharged to the municipal sewage pipe network through the standardized sewage outlet, then enters the local municipal sewage treatment plant. An online monitoring system connected to the local environmental protection bureaus is installed at the main outlets to ensure stable qualified wastewater discharge.

## 5. GREEN • SINCERITY

In 2017, we mainly carried out the following transformation and upgrading projects for wastewater treatment:

Project title	Background	Results
Wastewater pipeline renovation of chemical plant	With the increase of the amount of waste water in the old chemical plant of the original Wuhan plant, in order to further control the environmental protection risks, the chemical plant was upgraded and the south factory wastewater treatment system was expanded and transformed.	The capacity of the wastewater facility was expanded to allow for efficient treatment of more wastewater in the chemical plant.
Expansion of fluorine wastewater treatment station	Due to the expansion of the fluorine-containing wastewater treatment station of the Wuhan plant, it is necessary to update the processing and operation procedures of the process wastewater (fluorine-containing wastewater) system.	The process flow introduction is now included in the Process Wastewater Treatment Operation Regulations and the emergency process and the relevant personnel's responsibilities are revised.

**Total  
amount (m<sup>3</sup>)**

Wastewater discharge amount in 2017 259,132.0

### Exhaust Emissions

The Company's main sources of exhaust emissions are acid waste gas from the washing process and chlorine generated by the PCVD process, as well as chlorine, hydrogen chloride and particulate matter produced by the laboratory VAD process. We shall ensure that all types of exhaust gas from the project are discharged after being treated by the purification tower in compliance with Level II standard in Table 2 of "Integrated Emission Standard of Air Pollutants" (GB16297-1996).

## 5. GREEN • SINCERITY

In 2017, we mainly carried out the following transformation and upgrading projects for exhaust treatment:

Project title	Background	Results
Exhaust pipe renovation of chemical plant	With the increase in the amount of waste gas in the old chemical plant of the original Wuhan plant, the chemical waste gas treatment device was upgraded in consideration of environmental risks.	The exhaust gas facility has been expanded which connects the exhaust from the new chemical plant to the treatment facility for treatment and discharge.
New waste gas scrubber and exhaust gas discharge pipeline at Wuhan headquarters	The common ventilation and emergency ventilation of the original process equipment gas cabinet are direct discharge design. Considering the safety and environmental risks, it is planned to add a washing tower to discharge the exhaust gas after it is processed in the system.	An exhaust gas scrubber has been added, and the exhaust from the gas cabinet is pumped into the new scrubber for treatment and later discharge, ensuring no risk of direct exhaust.
New dust collector in the state key laboratory	In order to ensure the development of new experimental equipment meeting the exhaust discharge standards, it is equipped with a dust collector.	The dust collector has been installed, commissioned and put into use. The simultaneous operation of dust collector and the experimental equipment are controlled by the R&D.

### Noise Management

As the Company's business grows, we actively carry out corresponding measures to further reduce the noise at the boundary of the plant to reduce the impact of the noise generated by the gradual addition of production projects on the surrounding residents. To this end, we have set a higher internal control standard on the basis of ensuring the noise at the boundary of the plant meeting the Types 3 and 4 standards of the "Emission Standard for Industrial Enterprises Noise at Boundary" (GB12348-2008). We regularly identify the most prominent noise sources, hire professional noise management companies to develop solutions, and implement noise reduction retrofit projects.



## 5. GREEN • SINCERITY

### Case Study: Cooling Tower Noise Reduction Project of YOFC Wuhan Headquarter

In 2017, YOFC invested a large amount of manpower and financial resources in completing the noise reduction project of the top cooling tower of the preform building. The specific actions included erecting noise-absorbing baffles around the cooling towers, installing the sound-insulating glass, and adding silencer equipment, achieving evident noise reduction effect at the plant boundary. The improvement project was highly praised by the local environmental protection department and recognized by the surrounding residents.



### 5.3 PRIORITIZING ENVIRONMENTAL PROTECTION

On the basis of compliance, the Company is well aware that the wastewater, exhaust gas and waste residue from the production process may cause pollution to the environment and have adverse effect on the society and community. In order to prevent and eliminate the mentioned adverse effects, the Company has formulated special management plans and procedures to identify significant environmental and safety risk indicators and develop contingency and response plans, so as to reduce the possibilities of environmental and safety risks through actively planning and implementing relevant preventive environmental and safety improvement programs.

Selected preemptive investigation projects in potential pollution and leakage in 2017:

Project title	Background	Results
Update of liquid alkali storage tank and standby concentrated acid storage tank	The liquid alkali storage tank at the Wuhan headquarters has been in use for 20 years and will be replaced in 2017 considering the reliability of the system.	The liquid alkali storage tank has been replaced and redesigned to raise the original lift pump above the ground during the replacement to prevent the pump from short-circuiting due to the accumulation of water in the pit.
Anti-corrosion construction of chemical warehouse	The anti-corrosion measures of original chemical warehouse ground were at the risk of losing effects. In 2017, the surface of the corrosive chemicals warehouse was treated with special anti-corrosion treatment.	According to the characteristics of corrosive chemicals, extra anti-corrosion treatment was applied to the special warehouses in accordance with the anti-corrosion construction requirements.

### Circular Economy

In March 2017, YOFC Qianjiang Science and Technology Park was officially commenced. During the design and site selection process of the YOFC Qianjiang Plant, we especially incorporated the development model of “Circular Economy”, and formed a mutually supportive green manufacturing and recycling economy with the adjacent Jiangnan Oilfield Salinization Plant. At the Jiangnan Oilfield Salinization Plant, the caustic soda production, by electrolyzing 20% sodium chloride solution, generates not only caustic soda, but by-products like hydrogen and chlorine, which are the raw materials needed to produce preforms at the YOFC Qianjiang plant. The brine, the waste produced by the YOFC Qianjiang Plant in the preparation of preform, is in return the raw material for the preparation of caustic soda for the Jiangnan Oilfield Salinization Plant. In this way, the hydrogen and chlorine gas produced by the Jiangnan Oilfield Salinization Plant are transported by the overhead pipeline to the YOFC Qianjiang Plant, and the main by-products such as brine produced during the production of the YOFC optical fiber preform are transported to the Jiangnan Oilfield Salinization Plant for reuse, realizing the circulation model of producing preform fiber and industrial alkali.

## 6. CONNECTION · COLLECTION

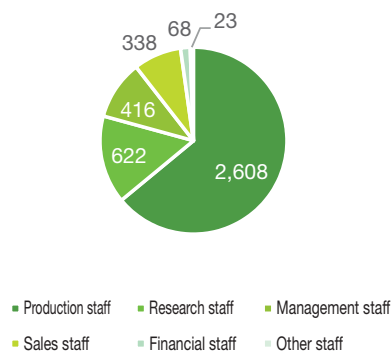
With the constantly progressing technology, the quality of our employees and the stability of the team pose a direct impact on the success of an enterprise. The organic integration of the Company's goals and personal development, the creation of a cooperative atmosphere and provision of a fair competition opportunity have all become the driving forces of the sustainable development of YOFC. For many years, YOFC always adheres to the concept of "Justice and equity Promotion of the worthy" and offers opportunities for employee's growth, development and promotion. We have nurtured many employees with aspirations, responsibility and creativity.

### 6.1 EMPLOYEE OVERVIEW

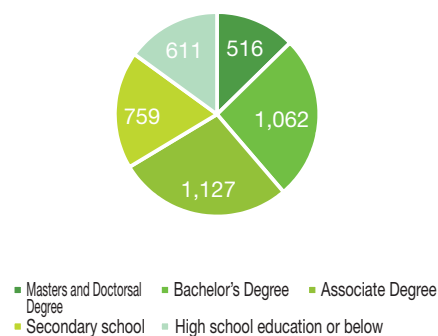
The Company strictly adheres to the national and local laws and regulations that are applicable to hiring, contract, and labor related issues. We are firmly against the illegal use of child labor or forced labor. In order to standardize the employees' recruitment process more efficiently, the Company has formulated a detailed "Recruitment Plan" which ensures better allocation of human resources and a fair and just recruitment process. At the beginning of each year, the human resources and administration department implement the recruitment plan according to the strategies and annual objectives of the Company and the approved annual budget. The recruitment is carried out through both internal and external channels.

As of December 31, 2017, the Company had a total number of 4,075 employees. Headcount by employment type, education background and age is as follows:

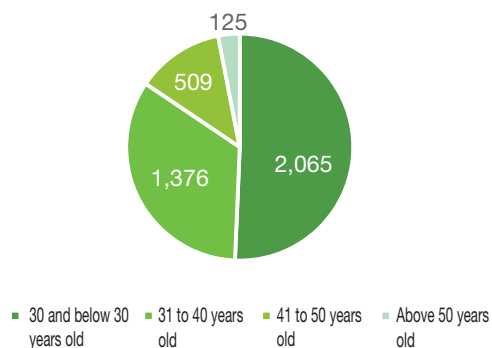
Percentage by profession structure



Percentage by educational background



Percentage by age



## 6. CONNECTION · COLLECTION

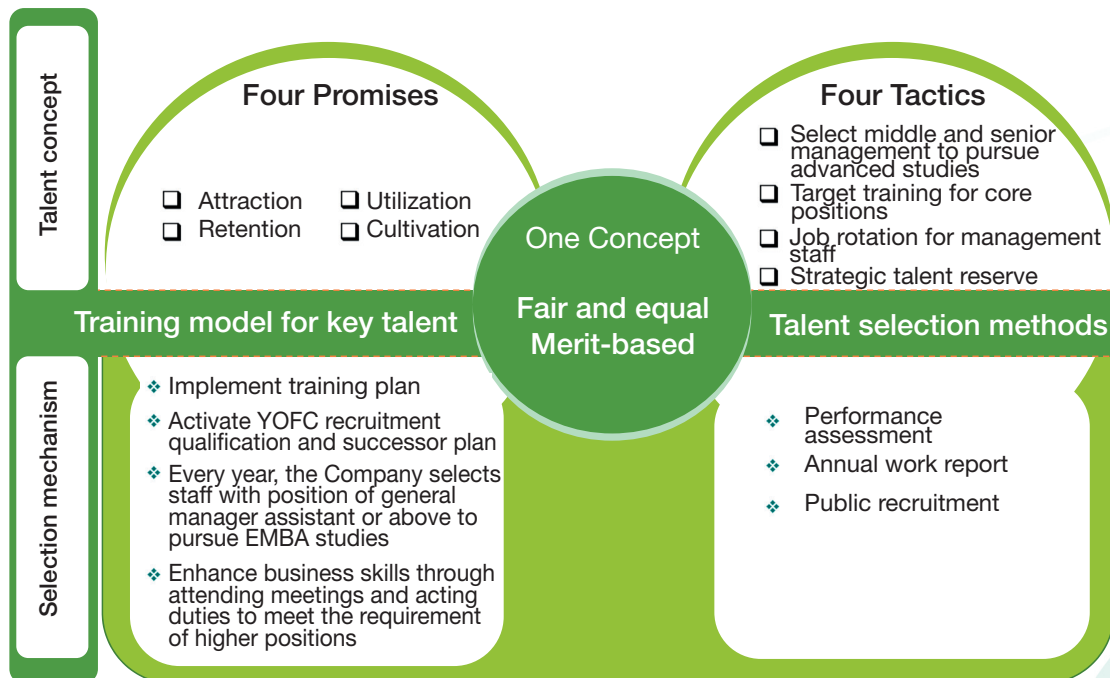
### Human Resource Support for Overseas Projects

In 2017, YOFC provided the newly established overseas companies with comprehensive support for human resource systems, unified policy guidance, and policy references, dispatched professional human resource personnel to the overseas companies to carry out personnel recruitment and help establish their human resources management system and irregularly dispatched technicians to our overseas subsidiaries for technical training and support for the establishment of new factories.



### 6.2 EMPLOYEE DEVELOPMENT

YOFC actively nurtures future leaders under the concept of “Justice and equity Promotion of the worthy”, along with the “Four Promises” and “Four Tactics” which establish the following talent concept and selection mechanism:



## 6. CONNECTION · COLLECTION

### Performance Management

Through the continuous and effective communication between management and employees, as well as the circulation process of performance planning, performance implementation, performance assessment and performance feedback, we improve the performance of employees, thereby strengthening the performance management process of departments and the company. The performance assessment system includes the following three aspects:

- 1) Performance assessment: measure the work completion status of each organization level and employee from each position, including the performance assessment levels of corporate, functional centers, departments and employees;
- 2) Extra points and deductions for exceptions: refers to matters other than performance indicators;
- 3) Working attitude assessment: measure the ability required for each employee position so as to fulfill the job duties and, at the same time, measure the working attitude, awareness and working style of our employees.

The performance assessment results of each level are mainly classified into A, B, C and D. The ratio of each grading in the departmental assessment is confirmed by the Company's assessment results. The personal performance assessments of executives of the level of department managers and assistant managers are carried out and arranged in a centralized manner. The ratio of each grading in the annual performance assessments of staff below the level of assistant managers is determined based on the department performance assessment results.

### Promotion System

The performance assessment results are used to determine the employees' year-end bonus and promotion eligibility. Meanwhile, the rearrangement of employees' position is made with reference to the performance assessment results for the past three years. The Company establishes clear career development paths for our employees which is centered on upgrading the ability of employees. Employees are promoted according to the established standard procedures.

In accordance with our human resources concept of "Justice and equity Promotion of the worthy", YOFC has issued the "Administrative Measures for Positions and Employees' Career Development Paths" in 2017. In response to the new requirements for leadership due to changes in the Company's strategy and core values, we have amended the "Leadership Code of Conduct", issued the implementation of the "Leadership Appointment Management System" and the "Leadership Position Management System".

To ensure the building of an outstanding supply chain of talents, improve the abilities of our successors and to retain our core talents with our best effort, we have formulated a key position succession plan in 2017, and issued the implementation of the "Succession Management System", promoting organizational structure optimization key position identification, core talent identification, succession plan implementation, and leadership development in various departments through organizational optimization and talent inventory.

### Employee Training

It is our desire to see every employee develop his/her potential to the fullest extent. We endeavor to create the best working conditions and atmosphere for our employees. In order to help our employees develop their career, YOFC also provides them with a platform for performance and training opportunities.

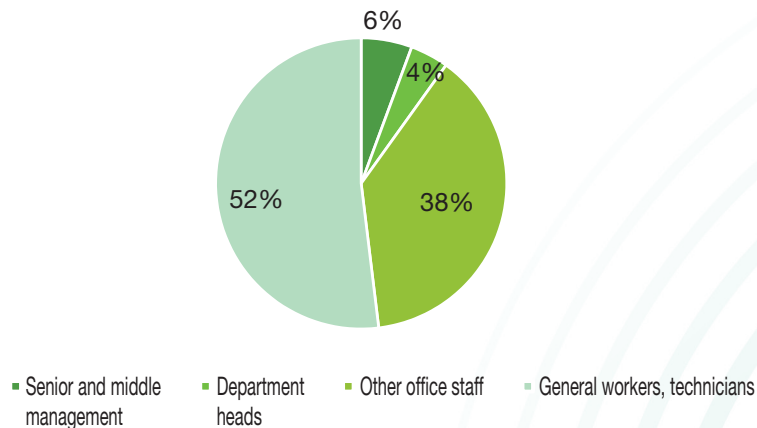
Currently, the approved training system of YOFC includes “Personnel Training Procedures”, which covers the division of responsibilities on the training for different departments, preparation of training plan, training budget, allocation and management, training process, management of training activities, analysis of training effectiveness, preparation of training record, etc. It also standardizes various training and approval forms.

YOFC has made the following efforts in creating a learning organization:



An outstanding team of talents are of fundamental importance to the Company's development. In 2017, YOFC continued to increase its training intensity to improve the overall quality of talents.

Percentage of employees trained by employee category

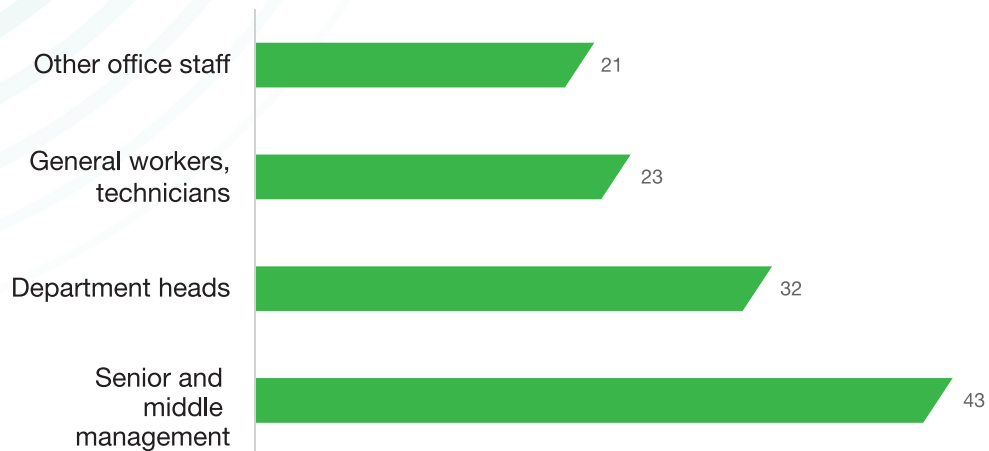




## 6. CONNECTION · COLLECTION

In 2017, we provided an average of 25 training hours for YOFC employees, among which, an average of 23 training hours for general workers and technicians, an average of 21 training hours for other office staff, an average of 32 training hours for department heads, and an average of 43 training hours for senior and middle management.

The average training hours by employee category



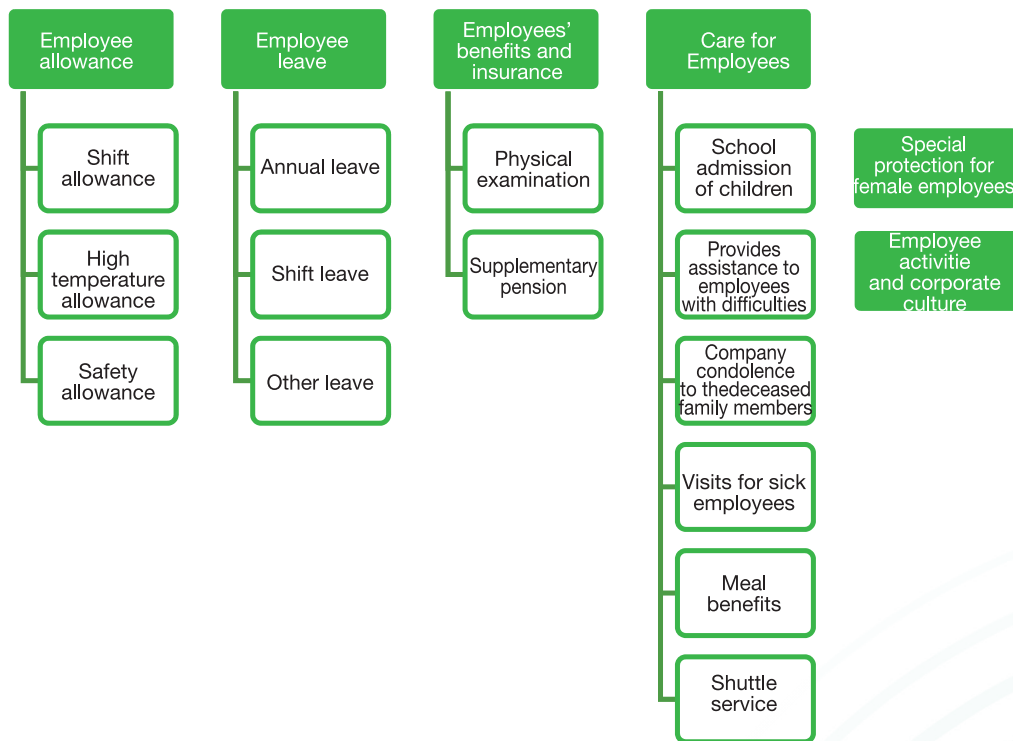


### 6.3 EMPLOYEE CARE

#### Employee Benefit

Employees are valuable resources and wealth to the Company's development. Ensuring that the protection of legal rights of each employee and building a harmonious employee relationship are the fundamental principles for YOFC when it comes to managing employee relations. YOFC strictly complies with the national and local laws and regulations. The Company provides competitive benefits and safeguards the legal rights of the employees through "Collective Contract", "Employee Manual", and various rules and regulations concerning employee benefits, employees' activities, etc.

The primary YOFC employee benefits include employee allowance, employee leave, benefits and insurance and a variety of caring activities. In addition, a series of events that integrate employee activities and corporate culture are regularly conducted with details as follow:



YOFC has officially issued and implemented the "Collective Contract on the Protection of Rights and Interest of Female Employees" in 2017 to ensure the legitimate rights and special interests of our female employees, maximize their potential in YOFC's production and operation, and achieve mutual benefit and win-win. The Contract specifies that female employees should be treated equally and given appropriate protection in areas such as employment, promotion and special rights.

## 6. CONNECTION · COLLECTION

YOFC is committed to creating a harmonious working environment for our employees and cares about their individual self-value. The Company organizes a variety of employee activities every year, including various kinds of large-scale cultural activities, Chinese New Year's Evening Gala, Sports Day, etc. In addition, we organize a series of employees leisure activities, including electronic competition, tree plantation etc.

### Case Study:



YOFC's “纤云凤舞,一缆全球—2017 Chinese New Year's Evening Gala” was held in the Hubei Theater Hall. The spectacular performance delivered culture to all the employees that evening. Responsibility, inheritance, cooperation, dreams, and development, five words that can best describe our staff and their time in our Company were the themes of the Gala.



YOFC Lanzhou Company is a group of young individuals. Ever since the establishment of the Company, young people from different regions have joined the Company, and devoted their sweat and youth here. In order to provide a wider spectrum of cultural and sporting entertainment to our staff, to enhance their team spirit and the Company's cohesion, and to provide a platform for young staff to meet new friends, YOFC Lanzhou Company and companies from Lanzhou and other regions organized a friendly basketball match and a social gathering.

### Employee Communication

The Company is committed to creating an excellent communication environment and providing diversified communication channels for our employees to fully express their ideas. Through highly-efficient communication between the company and employees and among employees, the operation and management capabilities of the organization are improved continuously. Such initiative also ignites the passion of our employees and enhances the core competitiveness of the Company. The Company puts emphasis on collecting employees' opinion with the hope that our employees can also participate in the Company's management. Meanwhile, the Company wishes that through employees' suggestions, it can raise the level of satisfaction and commitment of the employees, reduce the employee turnover rate, and improve the stability of the Company.

YOFC has established smooth, effective and diversified internal communication and feedback channels with details as follows:



## 6. CONNECTION · COLLECTION



YOFC held an employees' meeting In January 2017, during which the management of the Company addressed the employee representatives' concerns regarding employee benefits and the Company's management etc.

### 6.4 EMPLOYEE HEALTH

While upholding the operational philosophy of “customers come first, quality takes the priority, people-oriented and development with innovation”, YOFC places strong emphasis on the safety of operation and the occupational health and safety of our employees. It is always one of our key tasks to protect the personal safety and health of our employees. We strive to provide satisfactory work environment to our employees, carry out safe production and operation, consistently and strictly implement the relevant requirements of laws and regulations, including the “Labour Law of PRC”, “Production Safety Law of PRC”, “Measures for the Supervision and Administration of Employers' Occupational Health Surveillance”, “Provisions on the Supervision and Administration of Occupational Health at Work Sites”, “Provisions on the Supervision and Administration of Labor Protection Articles”.

To prevent the risks raised from the impact of our operational process on employee health, we have set up an Internal Control Index in strict compliance with national and local laws and regulations:

Item of Control	Public health
Relevant Risk	Hazards to personal safety
Internal Control Indicators	No occurrence of incidents threatening public safety
Method of Measurement	Internal monitoring by the company; engaging external monitoring
Procedures and Measures of Control	<ol style="list-style-type: none"><li>1. Management in Accordance with OHSAS18001</li><li>2. Annual Medical Checkup and Survey on Occupational Diseases</li><li>3. Monitoring the Industrial Hygiene in Workshops</li></ol>

In 2017, there were a total of 4 incidents of work-related injuries in the Wuhan headquarter and the loss of work days due to the 4 incidents were 79 days. No incidents of work-related fatalities occurred during the reporting period.

### Safety Training and Drills

YOFC pays high attention to establishing and improving our employees' awareness of health, safety and environment (HSE) issues through comprehensive training. In order to standardize the management of HSE training and enhance our employees' awareness and skills in HSE, the Company provides "three-level Education" to all new employees, namely company training, departmental training and team training.

In order to help all of our staff improve their knowledge on safety accidents and self-help capabilities, to enhance their safety awareness and sense of responsibility, and to train their ability to deal with emergencies, we have conducted several emergency drills in fire safety and chemical leakage in 2017, enabling all staff to further understand the use of facilities such as fire-safety equipment and hazardous materials wash stations, and to improve the familiarity of contingency plans and the ability to deal with emergency. In case of safety production emergency, front-line employees should be able to effectively organize, quickly and calmly respond to the emergency to minimize the damage caused by the safety accident.

### Case Study: Emergency Drills on Leakage of Hazardous Materials

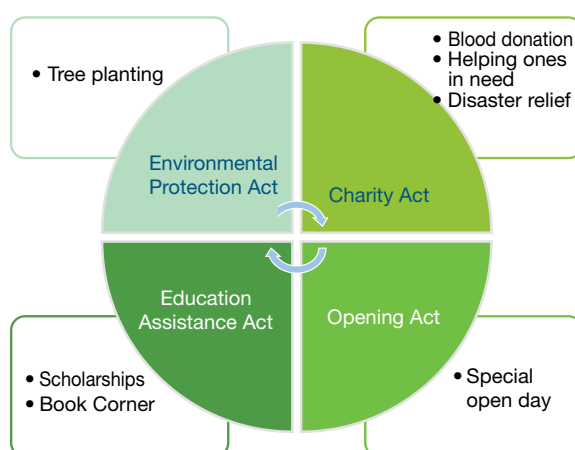
In 2017, the optical fibre production unit conducted an emergency drill on leakage of hazardous chemical for all personnel of the chemical unit. During the drill, the participants had to be clear about the emergency procedures, and worked together to complete the required procedures which included first-aid, reporting, neutralization, clean-up, testing, and restoring production in a short period of time. However, we also summarized issues that required improvement. After the drill, the chemical unit immediately corrected the non-conformant issues.



## 7. COMMUNICATION · WARMTH

Optical cable products have built a bridge for worldwide communication and made significant contribution in bridging the digital gaps and leveling uneven development. YOFC adheres to the social responsibility concept of “Making joint efforts for win-win results”, establishing our corporate social responsibility model according to three layers, including “responsibility we must perform, responsibility we should perform, and responsibility we are willing to perform”. We organize a variety of social charity activities based on this model. By taking initiatives in joining hands with stakeholders, we hope to achieve a better life and continuously improve on corporate competitiveness, promote corporate sustainable development and fulfill our corporate mission of “Smart Link Better Life”.

In 2017, YOFC formulated the “YOFC Public Social Charity Plan”. With “responsibility” as our core belief, we have carried out social charity activities in four aspects, “Education Assistance Act”, “Environmental Protection Act”, “Charity Act” and “Opening Act”, setting up the brand of “YOFC is Taking On Responsibility, Social Charity Act” to fulfill our corporate social responsibility.



Environmental Protection Actions	<ul style="list-style-type: none"> <li>Carrying out tree-planting activities continuously in different regions and different years with environmental protection foundations that are strongly linked with the government. For example: China Environmental Protection Foundation</li> <li>Contacting the local government and cooperate with employees and clients to fulfill our social responsibility.</li> </ul>
Charity Actions	<ul style="list-style-type: none"> <li>Actively responding, according to national requirement</li> <li>Revisiting areas that have received donations in the past.</li> </ul>
Opening Actions	<ul style="list-style-type: none"> <li>Organizing commemorative open days with various meanings according to our target recipients, setting up pilot trials and increase open days in the following years.</li> </ul>
Education Assistance Actions	<ul style="list-style-type: none"> <li>On the basis of college scholarships, the naming of "YOFC Book Corner" will introduce our industry's information technology to colleges and universities.</li> <li>Assisting students in finding accurate professional goals, developing professional talents, and influencing potential customers.</li> <li>Uniting industry associations, company leaders sharing their opinions as technological leaders, and leading the industry's technology trend.</li> </ul>

Over the years, YOFC has been continuously fulfilling our corporate social responsibility and shouldering the honorable task of constructing and safeguarding the communication ties among people in different regions, proactively supporting disaster areas, launching contingency mechanisms for providing disaster relief supplies, and timely transporting disaster relief supplies to disaster areas and assisting the people in need in rebuilding their homes.

## 7. COMMUNICATION · WARMTH

### Case Study: Providing Communication Support in Disaster Areas

In June 2017, the southern part of China was frequently hit affected by heavy rains. Local communication cables were damaged and communication systems were down, which brought serious inconvenience to the lives of people living in the disaster areas and the disaster relief progress. The situation worried hundreds of millions of people across the country and every YOFC staff. Rebuilding the disaster area and restoring communication were of top priority. After being informed of the demand for disaster relief supplies from China Mobile Group Hunan Branch and China Mobile Group Jiangxi Branch, YOFC immediately launched the contingency mechanism for supplying disaster relief supplies. The first thing was to arrange resources and adjust production, all departments worked overtime together and were able to prepare the relief supplies on schedule. The trucks loaded with optical fibre cable and the love and blessings from the YOFC staff took off to Hunan and Jiangxi, supporting the communication support work in the disaster areas.





## 7. COMMUNICATION · WARMTH

### Case Study: Sichuan was Blessed, YOFC Pray for Sichuan

In August 2017, an earthquake of 7.0 magnitude and focal depth of 20 kilometers occurred in Jiuzhaigou County, Aba Prefecture, Sichuan Province. The communication backbone of the earthquake zone was damaged and communications were partially interrupted.

After receiving news about the earthquake, YOFC contacted the three major operators immediately and expressed its willingness to cooperate with the operators to support the communication restoration and ensure smooth communication in the disaster area. Meanwhile, the Company immediately launched the disaster relief contingency plan. Under the shortage of optical fibre and intense production conditions, the Sichuan Mobile Railway's material supplies were actively deployed. Workers volunteered to work overtime to make sure the first batch of disaster relief optical cables being delivered to the disaster area timely.

In 2017, YOFC invested a total of RMB1,725,848 in social charity donations. The "YOFC Scholarship" project invested a total of RMB1,000,000, which covered a number of universities, including Huazhong University of Science and Technology, Wuhan University of Technology, Beijing University of Posts and Telecommunications, Chongqing University of Posts and Telecommunications, Nanjing University of Posts and Telecommunications, Xi'an University of Posts and Telecommunications, Jilin University, Zhejiang University and Peking University. "YOFC Book Corner" invested a total of RMB695,848, covering Huazhong University of Science and Technology, Beijing University of Posts and Telecommunications, Nanjing University of Posts and Telecommunications and Chongqing University of Posts and Telecommunications.

### Case Study: Making Joint Efforts for Win-Win Results——YOFC Book Corner

Based on the original "YOFC Scholarship" project, YOFC and Huazhong University of Science and Technology introduced the "YOFC Book Corner" project in 2017, hoping that the project will provide teachers and students with more outstanding spiritual nourishment.

"YOFC Book Corner" is a newly established charity project of YOFC. In 2017, the project set up "YOFC Book Corners" at Huazhong University of Science and Technology, Beijing University of Posts and Telecommunications, Nanjing University of Posts and Telecommunications, and Chongqing University of Posts and Telecommunications, and donated books to support education and fulfill social responsibility.



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